

DOCUMENTARY JOURNAL

of

INDIANA

R E P O R T S

1841

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Part 1.
DOCUMENTS

OF THE

SENATE,

AT THE

TWENTY-SIXTH SESSION OF THE GENERAL ASSEMBLY
OF THE STATE OF INDIANA,

BEGUN AND HELD

AT THE TOWN OF INDIANAPOLIS,

DECEMBER 6, 1841.

By Authority.

INDIANAPOLIS:

DOWLING AND COLE, STATE PRINTERS,
1842.

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REPORT

OF

FUND COMMISSIONER,

TO HIS EXCELLENCY,

SAMUEL BIGGER.

To His Excellency, Samuel Bigger.

SIR:—The last legislative enactment on the subject, requires of the Fund Commissioner a report to the Governor, and it is in that character I now address you. Before I proceed, I beg to excuse myself from a seeming disregard of law, in the omission to comply with that requisition, directing the annual report to be delivered by the first of November, by saying I could not return in time for its submission at the appointed period without an injurious delay in my attention to claims, only to be recovered through the courts, whose Fall terms were approaching.

From an intercourse last winter with members who had means of being informed, and from concurring information from other quarters since, I am aware that a full and unreserved exposition of every thing connected with our eastern money matters, arising from the previous sales of our stocks, is not only desired but expected at the hands of the Commissioner. Whilst, therefore, I communicate fully, and without concealment, all the information obtained, I will see that I do not over estimate nor underrate our securities. nor indulge in a spirit of complaint and fault-finding of others, for the sake, merely, of complaint.

Connected with the subject of the report are certain documents in my possession, to print which, (though they are of much interest) would swell this report to too great a size. Besides these, I have papers and opinions that may with propriety be given from a public

agent to the legislature, but which could not be published without an injurious influence upon our claims on individuals and corporations, in whose success those claims are dependent. Such papers and any opinion I may venture to offer, will be found in a manuscript appendix, which will be subject to the inspection of members of the legislature.

After accepting the appointment bestowed at the eve of the adjournment of the legislature, I hastened to bring up the unfinished business that devolved on me, and place the files of the state board of internal improvement in a condition as intelligible as possible to a successor, and then repaired to New York.

The State Treasurer having to share in the first duties, by preparing the new bonds authorized by law for the payment of our interest and for the redemption of the treasury notes; his co-operation, it was thought, would be more efficient, less productive of delay, and less expensive, if given in New York: he therefore afforded the aid his presence and service would render, by accompanying me.

Before leaving home there were signs of a decline in the market value of stocks, not known at the time of the adjournment of the legislature, which was supposed to arise from some temporary cause that would abate; but before reaching the great market, New York, in March, its aspect was so permanent as to threaten the defeat of the object of the legislature in authorizing the issue of seven per cent. bonds. The new bonds, were, however, executed, in readiness for any improvement that might take place in the market price.

The months of March and April passed off without realizing any thing from our large suspended debt to meet the July interest, and seeing nothing to encourage the hope of a prospective improvement in stocks; and withal, having reason to dread troubles, not very distant, from the unexpected number of outstanding hypothecated bonds, I thought it advisable to return and take counsel of the state officers, and make a trial to procure from the branches of the State Bank, funds for the payment of the interest then nearly due, and to extricate the pledged bonds. The President consulted the representatives of the branches attending the State board of directors, but without getting encouragement, for the reasons that the branches had not been notified—that there had been no legislative request or authority—and because several of the branches had not realized advances made in the produce business the winter before.

Disappointed in my wishes, I returned to New York without finding much change in the price of State Stocks, but having no other dependence than that of negotiating the new seven per cent. bonds, to protect the credit of the State in the payment of the July interest, the attempt was made, guided by the advice and influence of experienced individuals, but without success.

Having failed in the attempted sale of the seven per cents. at par, and not having the money to offer in discharge of our obligations, two year bonds were advised and subsequently proposed to the holders of our stocks, through the house of M'Alister & Stebbins. *Appendix I.*

Of the bonds left with that house, only about 30,000 dollars have

been delivered in exchange for July coupons, and there is no prospect of effecting any further exchange to any amount.

The duty next in importance, claiming my attention, after being released from the attempt to vend the new bonds for the July interest, was that of looking to the great number of pledged bonds; and in doing so, the apprehended troubles alluded to before I returned to the west, were fully realized.

Without more of detail than is usual, this subject of the pledged bonds will not be satisfactorily understood; but as it proved a most disastrous one for the State, it will be necessary to give all the particulars belonging to its history.

The first thing necessary, explanatory of the subject, is the official report made by the late Commissioner in answer to a call of the House of Representatives on the 10th of February last, of which the following are extracts:

“OFFICE BOARD FUND COMMISSIONERS, }
INDIANAPOLIS, FEBRUARY 10, 1841. }

“*Hon. Samuel Judah,*

Speaker of the House of Representatives.

“SIR:—The following questions have been propounded to me by the House of Representatives, over which you preside, in a resolution as follows:

“*Resolved*, That Milton Stapp, Esq., Fund Commissioner, be requested to lay before this House, at as early a day as convenient,—

“1st. A table showing the amount of State bonds sold, to whom sold, and on what terms, that have been paid for according to contract.

“2d The amount of bonds parted with, to whom, and on what terms, which have not been paid for according to contract.

“3d. The amount of bonds that have been hypothecated, to whom, and on what terms, how much has been received on the hypothecation, and to what use it has been applied.”

“These questions I proceed to answer from the best light before me.

“1st. The amount of State bonds issued by the State of Indiana, to whom sold, and on what terms sold, and which have been paid for, will be found in the accompanying abstract A.

“2d. The amount of bonds parted with, &c., which have not been paid for will also be found in abstract A.

“3d. During the Summer and Fall, and for the payment of July and January interest, I hypothecated \$600,000 of bonds, to borrow \$300,000, and have since paid \$30,000, and redeemed \$60,000 of the hypothecated bonds. The bonds now out were hypothecated,

“1st. Through Drew, Robinson & Co. for	\$134,000
“2d. Through John J. Palmer, President, for	45,000
“3d. Through M. B. Sherwood, President, for	91,000

“The amount still due is	\$270,000
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on the hypothecation of \$540,000 of bonds. It is understood, that the bonds hypothecated by the first are in the American Exchange Bank; by the second in the Merchants' Bank; and by the third in the Leather Manufacturers' and Lafayette Bank; all respectable banks in the city of New York.

“ Very Respectfully,
“ MILTON STAPP.”

From this answer of Gen. Stapp, it will be seen he states the money borrowed to be 270,000 dollars, and the bonds pledged to be 540,000 dollars; all of which he represents to be in certain banks, meaning that they are there for safe-keeping. Shortly after my arrival at New York, I was surprised to learn from my predecessor that he had pledged the “Iron bonds” for \$300,000 to Nelson Robinson, and that he had pledged bonds to a very large amount to the same individual and to others. I requested him to give me a written memorandum of the bonds pledged, to whom, for what sum, at what rate of interest, when due, &c. In compliance with that request, he presented me with the brokers' receipts for the bonds in the following table, and at the same time handed me a written memorandum in his own hand writing, which follows the account of bonds, making the sum borrowed about \$290,500.

BONDS PLEDGED.

Nelson Robinson's receipts for	\$544,000
M. B. Sherwood's receipt without date	490,000
Left with Caman & Whitehouse to secure \$18,500	35,000
	<hr/> \$1,069,000

MONEY BORROWED.

“ J. S. Hunt & Co. (Sherwood)		
1st Loan,		\$47,500
2d Loan,		50,000
3d Loan,		13,5000
4th Loan (from Palmer)		24,000
		<hr/> \$135,000
Nelson Robinson—		
1st Loan	\$50,000 00	
2d Loan	50,000 00	
3d Loan	17,132 62	
4th Loan	14,000 00	
	\$131,132 62	
Caman & Whitehouse		18,500 00
Merchants' Bank say		5,000 00
		<hr/> \$289,632 62

Note—The money to Merchants' Bank or to J.

J. Palmer, the President, exceeds the
\$5,000 by over

900 00

\$290,532 62

Upon further inquiry I was informed the receipt of Drew, Robinson & Co. for the first loan had been given up, and that Nelson Robinson alone was to do the business—that the firm of Drew, Robinson & Co. were not willing to deal in bonds, but that they had guarantied the faithful performance of the trust committed to Robinson by an endorsement on his receipts—that Sherwood had taken up 24,000 dollars of the 45,000 borrowed of Mr. Palmer; and that Caman & Whitehouse had loaned money supplying the place of that from Mr. Palmer. Gen. Stapp at the same time handed me the receipts of Messrs. Hunt & Co. for 270 bonds, saying he had taken the loans from the hands of Sherwood, and put them in the hands of Hunt & Co., and that the bonds in their hands to secure the loans taken from Sherwood were part of the bonds named in Sherwood's receipt.

Not having attained my object of ascertaining what sum was borrowed of each party—the rate of interest—when due—and how many bonds were pledged, I renewed my request to Gen. Stapp, and asked him to furnish a written memorandum from each broker.

Within a day or two, Messrs. Hunt & Co. sent in their written reply, stating their account fully and satisfactorily. Nelson Robinson, in reply, addressd the following note:

NEW YORK, *April 7th*, 1841.

N. NOBLE, Esq., *Fund Commissioner*.

SIR:—At the request of M. Stapp, Esq. I will state, that I hold on account of the State of Indiana, 544 bonds of \$1,000 and £225 each, which bonds are held by me as collateral security for \$131,175 advanced as follows:

Oct. 9th. 6 months at 6 per cent., due April 9th,	\$50,000
Dec. 4th. On demand	50,000
Jan. 1st. On demand	17,175
March 1st. On demand	14,000
	<hr/>
	\$131,175

The above loans, excepting the first of \$50,000, have been made at such rates as the market for money would admit of, varying from 1 to 1½ per cent. per month, exclusive of any charge by me. I have bought 190 bonds on account of the State of Indiana (at rates report-

ed to M. Stapp.) Some part of the above bonds should be considered as held to insure the taking of the bought bonds.

Very respectfully,

NELSON ROBINSON.

Seeing the large number of bonds put into Robinson's hands for so small a sum, I expressed my fears to Gen. Stapp, for their safety. I was assured, that Robinson was perfectly good, and could safely be relied on. From this note of Robinson it will be noticed, that all his money was due on the 9th April.

The 190,000 dollars of "bought bonds" spoken of in Mr. Robinson's note will need some explanation.

Soon after I joined Gen. Stapp, in New York, I asked for the noted "Iron Bonds," of 300,000 dollars. He replied, before he went home in the winter, he saw that the market was pressed by the frequent sales of our bonds—that he had thought it best to buy up some 200,000 dollars, at 75 cents to the dollar, to lay away until the market would improve, and that he had authorised Robinson to make the purchase, which had been done, except a small number he named, for which a forfeiture had been paid;—that the Morris Canal Company, would pay the debt to Robinson on the "Iron Bonds," and then take the purchased bonds at cost, and receive a credit on their debt by a return of the bonds, the State thereby losing nothing on the bonds bought by Robinson. All this transpired before I left for home in the month of April.

When I returned to New York in June, I found large sales of Indiana bonds had been made, and suspecting Mr. Robinson for disposing of his, I enquired of him if such were the fact. His answer was unsatisfactory, and therefore the inquiry was urged from day to day, until, at last, it was met with a refusal to state fully his account of sales, or the number sold; at the same time, claiming the right of carrying the loans longer. He said he had Gen. Stapp's written authority to sell—that he had the privilege of carrying the loans over to January or March next, in his contract with Gen. Stapp—that it was part of his agreement to sell the bonds, and buy them again to return—that he held Gen. Stapp's written authority to buy up the two hundred bonds and hold them six or twelve months, which time was not out, and that the 294,000 dollars of bonds named in his receipt of the same date of Gen. Stapp's letter, were left as his security for raising the money to buy the two hundred bonds, and therefore he would not then give them up.*

Subjoined are Gen. Stapp's letter of authority, and N. Robinson's receipt for two hundred and ninety four bonds.

*NOTE.—He at the same time held the "Iron bonds" of \$300,000 as security in the purchase of the "bought bonds."

NEW YORK, *January 13, 1841.*

MR. NELSON ROBINSON,

Dear Sir—There appears to be a set of floating Indiana Dollar Bonds, constantly floating in the market. It appears to me, that if one or two hundred thousand dollars of them were taken out of the market, and laid away with some strong house, that it would so reduce the number of floating bonds that it might cause a rise in the market; and prevent their frequent exposure to sale; this would be a very desirable thing to Indiana.

If you will go into the market and purchase at a sum not exceeding seventy-five cents to the dollar, we will furnish a margin* of bonds sufficient to keep them on hand six or twelve months, and in the end see that you lose nothing in the operation.

Very Respectfully,

MILTON STAPP,

Fund Commissioner of Indiana.

Received January 13, 1841, of Milton Stapp, Fund Commissioner, for the State of Indiana, two hundred and ninety four Indiana five per cent. sterling bonds of two hundred and twenty five pounds sterling each, (irregular) for safe keeping, which bonds are numbered from 701, to 932; 934 to 961; 967 to 972; 973 to 1000.

These bonds may be used if necessary as an enlarged margin to continue the Indiana loans, or to carry out the request of the Fund Commissioner of this date, and to save me harmless in any operation for the State of Indiana.

NELSON ROBINSON.

Perceiving a settled determination on the part of Mr. Robinson to hold on to the bonds and their proceeds, and finding that his partners denied any agency or responsibility, I saw no remedy left but to tender the money borrowed, make a demand of the bonds, and then bring all the parties before the Chancellor, which course was pursued.

When comparing all the conversations had with Gen. Stapp, and Mr. Robinson, in reference to the pledged and "*bought bonds*" and the money raised on them, connected with other information from another source, it was impossible to resist the conviction that the letter of the 13th of January, and the receipt of the same date, were prepared—for some purpose not fully explained—*after* Gen. Stapp's return to New York in March. I also ascertained that Mr. Robinson was in possession of 60,000 dollars of bonds not reported to me, on which he was making some operations for private purposes of Gen.

* "Margin" is a broker's term for security.

Stapp. I moreover saw, that Gen. Stapp was sustaining Robinson in the privilege he claimed of selling the bonds and buying them again to return in the Spring, and that he had assented to the sales Robinson made when I was gone home. Acting from the information referred to, I made my predecessor a party to the bill, and called on him and Robinson to say, under oath, whether the letter and receipt relating to the purchase of the bonds, were not prepared *after* their date, and at a time when the market value of the bonds was below the seventy-five cents to be paid by Robinson.

The service of the injunction upon the parties brought about a conference, (Gen. Stapp having returned home during my visit to Albany to see the Chancellor,) the object of which was to agree on terms of compromise. The rational and prudent views of the partner of Mr. Robinson, soon lead to the following terms:

<p>The State of Indiana, vs. Samuel Drew, Nelson Robinson, Eli Kelley and others.</p>	}	<p>In chancery before the Chan- cellor.</p>
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Memorandum of agreement entered into this 8th day of September 1841, between Noah Noble, Fund Commissioner of Indiana, in behalf of the complainant, and Daniel Drew, and Nelson Robinson, on behalf of themselves and others, defendants for the settlement of the matters of controversy herein.

1st. This negotiation is in no wise to affect the prosecution of this suit. The suit is to proceed without delay, and this negotiation not be urged in any manner by defendants to obtain delay, or to hinder or obstruct the prosecution of this suit longer than a postponement to Monday week.

2d. Noah Noble, Fund Commissioner, will credit Drew, Robinson & Co., with the moneys advanced, and interest, and charges to 1st March 1841, as stated in memorandum account of N. Robinson, without date, in possession of Noah Noble; and also with moneys subsequently advanced, and interest and usual commissions to be liquidated hereafter, and interest to be calculated to such time as the proceeds of sales of bonds made by Drew, Robinson & Co., as hereinafter stated, will equal the amount so to be credited to Drew, Robinson & Co., by Noah Noble, Fund Commissioner, as aforesaid.

Drew, Robinson & Co., are to credit the State of Indiana, with proceeds of bonds sold and interest, at like rate as above, from time of sales respectively, until the amount of such proceeds and interest shall equal the amount above stated on the other side of the account. And it appearing that more bonds have been sold by Drew, Robinson & Co., than will be sufficient to cover the advances made by them to the State, the average price of all sales made by them, is to be taken at the price of sale of each bond, and all the remaining bonds are to be returned by Drew, Robinson & Co., to Noah Noble, Fund Commissioner, as hereinafter stated.

3d. Drew, Robinson & Co., will return one hundred and twenty bonds of the sterling bonds pledged with them, with the coupons attached at the time of the hypothecation, immediately.

4th. The balance of the bonds in any of the stocks of the State, with the coupons attached at the time of hypothecation, are to be returned by Drew, Robinson & Co., to Noah Noble, Fund Commissioner, on or before the first of March, 1842. And to secure such return, the said Drew, Robinson & Co., are to give their joint and several bonds with security satisfactory to N. Noble.

5th. Drew Robinson & Co., claim to have purchased bonds in conformity to a letter of authority from M. Stapp, late Fund Commissioner, dated January 13, 1841, and claim that the State of Indiana shall take such bonds at the prices named by Drew, Robinson & Co., as paid; and shall also pay certain commissions to Drew, Robinson & Co. These claims Noah Noble, Fund Commissioner rejects; and the several parties hereby agree to submit the matters of that claim to J. J. Palmer, J. W. Perkins and Elisha Townsend, Esqrs., as referees, whose decision shall be final. Each party may introduce testimony, and that there may be no delay, if either of these gentlemen decline to act, then the other two shall select some respectable and experienced broker in the city of New York to fill his place; the whole matters herein referred, to be finally consummated immediately upon the decision of such referees. It is the further agreement of the parties hereto that of the 60 bonds alleged by the complainant to be in the hands of the defendant for the benefit of M. Stapp, and not receipted to the complainant, the defendants shall deposite in the Merchants' Bank the thirty mentioned in an agreement between said Stapp and Nelson Robinson, dated 13th April, 1841, being the same bonds which were returned by Robinson to Stapp, and included at the foot of said Robinson's receipt for 100 bonds dated October 9th, 1840, No. as follows: "2218, 2219, 2223, 2224, 2241, 2248, 2249, 2250, 2252, 2253, 2254, 2255, 2256, 2257 to 2266, 2272, 2767, 2768, 2769, 2770, 2771, 2795," being thirty sterling bonds, which bonds are to be delivered to the Fund Commissioner when M. Stapp relinquishes all claim to them or upon a legal decision awarding them to the State.

N. NOBLE, *Fund Comm'r of Indiana*,
NELSON ROBINSON,
DANIEL DREW.

The account necessary to be exhibited by Mr. Robinson of the sales made of the bonds, was presented, giving the daily sales during my absence from the city, on a visit home, and up to July; a copy of which will be found in the appendix marked A. By that account, sales of 527,000 dollars of bonds were acknowledged, the proceeds amounting to about \$290,000, which included those on hand for Gen. Stapp's private purposes. Besides this sum, Mr. Robinson had borrowed 50,000 dollars at Albany upon a pledge of the "irregular" bonds named in the receipt dated "13th January;" by which opera-

ions he had realized about 340,000 dollars to reimburse his cash loan to the State.

My refusal to acknowledge the validity of the contract for the purchase of the bonds, and denial of its having been executed at the date of the letter and receipt, caused a submission of that point to the persons selected for referees. At the meeting of these referees, Mr. Robinson was sworn, and admitted he received the letter from General Stapp, authorizing the purchase of the 200 bonds, "*in March, after his return to the City!*"—at which time our bonds were selling at 51 to 51½ cents to the dollar. He proved by his clerk that about the time of the date of the letter of authority, Drew, Robinson & Co. had on hands 80 of our bonds, and that Gen. Stapp had agreed to take them at 75 cents to the dollar. The difference in his sales of the bonds, and the 75 cents, the price to be given by Gen. Stapp, was allowed by the referees on the 80, amounting to about 16,000 dollars—the claim for a like difference on the balance of the 200,000 dollars alleged to have been purchased, was abandoned.

Of the 60,000 dollars charged to be in the hands of Mr. Robinson for the private use of Gen. Stapp, 30,000 were given up. The remaining 30,000 dollars were pledged by Gen. Stapp a year before, in security for money to protect 30,000 dollars of Newburyport money which he had received of that bank, or of Dodge, and had agreed, in writing, to protect the paper for a year. These last mentioned 30 bonds, when delivered to Robinson, were left as the property of the Madison company, and for that reason I found I could not ask the Chancellor to restore them as the property of the State. Ten of these were given to Gen. Stapp in August, leaving \$20,000 in the hands of this house. The Madison Company, since my return home, deny having any property in the bonds, or knowledge of their being pledged in their name with Robinson. They are, of course, public property, and a letter has since been addressed to our attorneys at New York, requesting Robinson and his firm to be notified not to deliver the remaining 20 bonds to Gen. Stapp, nor to any one but the agent of the State.

Whilst the proceedings described were on hand, Mr. Robinson, in his own defence and justification, produced a letter from Gen. Stapp to show he had a right to sell the bonds, and purchase and return them in the Spring, of which the following is a copy:

"NEW YORK, July 6th, 1841.

"NELSON ROBINSON, Esq.

DEAR SIR:—In answer to your note of yesterday, I will say, that when I made the first loan of you in October, I was very anxious to have you carry it twelve months. You agreed to carry it six months, and stated that you did not doubt but that you could carry it for twelve months. When I made the other loans through you, I was particularly anxious for you to carry them over the 1st January, 1842, which you would not agree to do, but stated that if money got easier

you thought you might arrange to carry them over that time. A few days before I left for the west, in January last, say 12th, 13th or 14th, I had a conversation with you in relation to our loans, in which you expressed some anxiety about the closeness of money and your own situation in relation to Indiana bonds, was fearful you would have to sell bonds, and wished to be permitted to do so without notice, as it might be necessary for you to do so without much notice yourself.

It was then agreed between us that the Indiana bonds should be kept as much out of the public market as possible, and that if it became necessary for you to sell, you should do so without notice, and into hands if possible that would not put them in the market again, and that the first opportunity that occurred, you should purchase the bonds again. And at this time it was further agreed, that so soon as money matters became easy in the city of New York, and could be had at a reasonable rate of interest, that you should extend all the loans over the 1st of January, 1842, if possible to do so. The month of March, 1842, was named as the time I wished them extended.

In March or April last, Mr. Noble, present Fund Commissioner, Mr. Dunn, Treasurer of State, and myself had several interviews relative to the course to be pursued to procure means to pay our July interest and prevent a sacrifice of the hypothecated bonds. In the course of these meetings and consultations, I came to the conclusion from all that was said, that if we could not pay our interest in July, and that if you sold our bonds and carried the loan over January 1st, 1842, and then had them ready to deliver on the part of the money borrowed, that there would be no exception to the owner; but that it would be a favor to Indiana, and so communicated those facts to you, and in order that you might be prepared to take the best course for the interest of the State, and save yourself from loss, I thought that it was agreed that we should from time to time keep you acquainted with the state of our finances, that you might judge for yourself whether or not we should be able to pay our interest.

It is due to Gov. Noble to state that he now says that from anything that was said in those interviews, I had no right to draw the conclusion first above stated.*

Very respectfully,
MILTON STAPP."

The manifest object of Gen. Stapp in writing this strange letter was to sustain Mr. Robinson in the pretension that his contract was not due—that he had a right to continue the loans to January or March, and to sell the bonds and buy them up again in the Spring; and, but for the letter of Mr. Robinson to me on the 7th of April, it is probable he would have persisted in these claims, relying on the testimony of Gen. Stapp in his defence.

*NOTE.—All that was communicated to Mr. Robinson as from me was incorrect and unauthorized, and Geo. H. Dunn, Esq., by letter in reply to Gen. Stapp, has made a similar denial.

By the letter inserted above, it will be perceived Gen. Stapp has placed his motives and his official acts, in conflict with each other.—In it he says, “On the 12th, 13th or 14th of January” he gave Robinson leave, in his discretion, to sell the bonds in his hands—exceeding half a million of dollars, and by his letter of the “13th of January,” he directed Mr. Robinson to buy up 200 bonds to lay away; from all of which circumstances it would seem, that whilst he was directing 200,000 dollars of bonds to be bought to prevent an injury to the market value by the sale of the “floating bonds,” he on the same day gave his assent to the same agent for *putting on the market over 500,000 dollars*. My suspicions that the letter and receipt on the subject of the purchase of the 200 bonds were fabricated in March, after Gen. Stapp’s return to the city of New York, are fully confirmed, independent of the admission of Mr. Robinson before the referees.

After the decision made by the referees, the house of Drew, Robinson & Co. promptly and in good faith, performed all they had promised to do in accordance with the terms of compromise before recited; and the receipt or memorandum in the hands of Gen. Stapp at the time, has been returned to them, and the 30 bonds placed in my possession.*

With a copy of the written memorandum between Gen. Stapp and Mr. Robinson, pledging 30 of the bonds for his own use, my detail of the pledged bonds with Mr. Robinson and his house will close.

NEW YORK, April 13th, 1841.

30 Bonds.

I have purchased of Nelson Robinson thirty Indiana State Bonds of £225 sterling (equal to \$1000) at five hundred and fifty five dollars, each being 55 per cent. payable and deliverable at his option on or before the 1st October next, with interest at the rate of seven per cent. per annum, having left thirty sterling bonds with N. R. as collateral security for the faithful performance of this contract.

MILTON STAPP.

Before my return home in the spring, the large liabilities of Sherwood, for bonds trusted with him, were not overlooked. They may be stated as follows:

His receipt without date for	\$490,000
Sold to him at one time (as now said by Gen. Stapp,)	100,000
Sold to him at another time for Gallipolis paper,	200,000
	<hr/>
	\$790,000
	<hr/>
* The bonds returned, including the 30 from Gen. Stapp,	\$150,000
Obligation with security, due March 1, for	109,000
	<hr/>
	\$259,000

Deduct the bonds transferred to Hunt & Co. at the time they took the loans from him,	270,000
	<hr/>
	\$520,000
Add Sherwood's old debt in the name of the Erie county Bank,	141,000
	<hr/>
	\$661,000

In his description of the bonds said to be sold to Sherwood, Gen. Stapp describes the same 30 in each delivery; but in his written information, he intends to say the two sales were for the 300,000 dollars.

Mr. Sherwood's attention was called to this large sum in April, by requesting Gen. Stapp to call on him and see what he could do in money, bonds, or their proceeds. On his return he brought from Sherwood a written memorandum of his stock in the Dry Dock Bank, and another Bank in Western New York; all below par and said to be pledged for loans made to Sherwood. I called on him at his room the same day, but without getting the offer of any security that could be accepted. Before leaving for home, I addressed to him a letter, a copy of which marked "B" will be found in the appendix.

In his sale of the bonds, his exchange of the large amount of Gallipolis and other similar paper, and in his refusal to apply the means received, for the benefit of his creditors, I thought I saw a determination to put them to defiance, which purpose could only be defeated by arresting and making him secure, until he would surrender the spoils. Convinced of the necessity of such a measure, I called, on my way home, at Gallipolis, and after exchanging with the Prosecuting Attorney such information as would be of mutual service, agreed to unite in his arrest upon a demand from the Governor of Ohio. Before my return to New York the agents of Ohio arrived, but getting notice of their object from some quarter unknown, Sherwood escaped the vigilance of the police officers by crossing over the river to New Jersey. Of this I advised the authorities of Ohio, and requested a requisition on the Governor of New Jersey for his arrest and delivery. Before it reached me, I heard of Sherwood at Philadelphia, purchasing foreign gold, and immediately went in pursuit. Reaching that city, counsel was employed and a writ put into the hands of the police officers; but he had escaped by embarking in a vessel for Europe, the pilot of which had not yet returned from the Capes. With a view to his further pursuit, a copy of the passport obtained for him by his uncle, Samuel Sherwood, of New York, was procured at Washington, but not having the continued co-operation of the Ohio authorities, nothing was done.

With the funds he no doubt procured from the sale of Indiana bonds, he purchased, last fall, the majority of the stock of the Dry Dock Bank, and from the influence of his own stock was made President of the Bank. Upon his induction to office, on account of his bad char-

acter, all other banks refused to take the bills of that bank, and public opinion forced him to resign. Upon this stock of 6,000 shares in the hands of his friends and relatives at New York and Buffalo, an injunction has been laid. Of the issue of this suit I have but little doubt; but the stock may be subject to claims by hypothecation, if in innocent hands; and moreover it is greatly below par in the market: its proceeds therefore, may be small if recovered and sold, as I expect. For a copy of the bill filed before the Chancellor, see appendix, "C."

Having an appropriate connexion with the preceding pages, I will, before taking up the items which form the aggregate of the suspended debt, state the number of bonds which, from the entries upon the Register, and from past reports, will appear to be in the possession of the late Commissioner, and not returned to Treasurer or reported as disposed of, to-wit:

Sterling Bonds—

Signed by L. H. Scott and M. Stapp, No.	
1601 to 1900,	300
do Dated July 1st, 1840, signed by Palmer and	
Stapp, No. 1901 to 2401,	501
do Dated August 1st, 1840, signed by Palmer	
and Stapp, No. 2402 to 2906,	505
do "Irregular" bonds returned from London in	
exchange for 300 sent out by commissioner,	
(6 not yet returned)	294

Dollar Bonds—Dated July 1st, 1840, signed by Palmer	
and Stapp, No. 4301 to 4604,	304
do "Rail Road Bonds" not delivered to Madison	
Company balance of the 456 executed for the road by Stapp and Scott,	235
do "Rail Road Bonds" returned to M. Stapp	
by Madison Co. and credited in their account,	20
do Returned by H. Pratt, Bank of Commerce,	15
do By H. Roop, Bank America, Buffalo,	3
do "Bank loan" dollar bonds engraved, signed	
by L. H. Scott and laid aside, sterling	
bonds being substituted, then signed by	
M. Stapp and circulated by Sherwood,	23

————— \$2,200,000

Deduct—

The bonds sent to London to exchange for the "irregular bonds" (see last year's reports)	300
Bonds to Morris Canal Co. for interest purposes, used	
and not returned as per report,	190
"Rail Road bonds" at Madison for road,	59
do left with King in Sept.	30

Hypothecated	with Hunt in all, including the	270	
	from Sherwood,		317
do	with Caman & Whitehouse (twice,)	40	
do	with Robinson & Co. in all, including		
	the 30 for Stapp's use and settled in		
	suit,		572
			<hr/> \$1,508,000

Not accounted for, \$692,000

My predecessor says he sold bonds to persons named in the following abstract:

To Erie County Bank—to Sherwood,	\$100,000
same to Sherwood,	200,000
“ R. Dodge,	30,000
“ same	23,000
“ Morris Canal and Banking Company,	111,000
“ Bank Circleville Ohio,	50,000

Add to these bonds loaned, to-wit:

To Danforth,	45,000
“ H. Roop,	10,000

Used to pay Roop for house and lot in Buffalo not reported—deed in Stapp's private name, but deeded since to state, 7,000

These sales, so called, to the parties named, Gen. Stapp says were made last year whilst Mr. Palmer was his colleague. None of these were reported to Mr. Palmer, nor was he consulted on the subject; on the contrary, he assured Mr. Palmer that he would bring home with him the old bonds—that they were “mostly deposited in Merchant's Bank” those now said to be sold—and Mr. Palmer so informed the legislature in his own report. Nor did Gen. Stapp mention the sales in his separate report at the opening of the session as he was bound to do. In the joint report by himself and colleague, not a word was said of these sales, and when called on by the House of Representatives to report *all* the sales made, to whom, &c., he denied, in his answer of the 10th of February, having sold any other bonds than those mentioned in the “Abstract A,” referred to in which the names of the foregoing persons were not given.

Messrs. Sherwood, Danforth, Cole, Dodge and Roop, all destitute of capital were employed some two years in buying up old bank charters in Maryland, Maine, Massachusetts, New York and Ohio, and these extensive operations required funds. The plan pursued was, after getting the notes engraved, to make a deposit with some broker in one or more of the cities or large towns for the redemption of the paper at some trifling rate of discount. This being done, the Bank notes would be advertised as redeemed at a small rate of discount; and whilst the small amount of notes put in circulation at the place of redemption were regularly redeemed by the broker, large sums were sent to more remote parts, and, referring to the advertisement for the

value and currency of the paper where redeemed, the agents succeeded in making exchanges.

Mr. Sherwood was concerned in four of such banks, and among them, that at Gallipolis, Ohio. Danforth and Cole were the proprietors of the Binghamton Bank, N. Y., and afterwards they owned two in Ohio; one of them the Circleville Bank. Dodge was the chief man in the Seneca County Bank, N. Y., and has the credit of swindling the Western Banks out of large sums by the sale of drafts, two of which fell into the hands of our branches. He next got into the Newburyport Bank, Massachusetts, and with the paper of that Bank paid Gen. Stapp about \$30,000 the debt due from the Seneca County Bank to the Madison Company, for their bonds sold by Gen. Stapp. The last trial by Mr. Dodge was in getting an influence in the Washington County Bank. The funds for this and other operations were procured of Gen. Stapp in State bonds and a loan of \$10,000 cash. Gen. Stapp has on his hands 20,000 dollars of the Washington County Bank paper, not worth a farthing, for which he asks a credit on his account, and says he received it of Dodge for the 23,000 dollars in bonds named in the list.

To save the Madison Company from loss in the receipt of the 30,000 dollars of the Newburyport money, Gen. Stapp, in March last, entered a sale in the register of 30 bonds, not of the Rail Road bonds of the Company, but the bonds of the State, and has notified me of his claim of a credit of 30,000 dollars on his account, for the Newburyport money, if he shall not get a return of the bonds from Dodge; but the Madison Company admit the loss in the Newburyport money to be their own. For these alleged sales to Dodge, no agreement or obligation whatever from him has been delivered to me.

Although Gen. Stapp in his written memorandum requests me to make, amongst others, an entry of a sale of 50,000 dollars in bonds to the Circleville Bank (of which 20,000 dollars are stated as Rail Road bonds,) there is nothing to show that the Bank had anything to do with it, nor is it liable for the debt. He delivered to me the bond of Danforth, Cole, and one E. Brown—who was concerned with them—for 28,000 dollars of the paper of the Circleville Bank. This bond was given in New York, dated in December, and the paper was to be delivered to Gen. Stapp in January at Cincinnati. The Bank was intended to be used by Danforth and Cole, citizens of New York, and funds were necessary to keep up the credit of the paper until it could be exchanged for better money; and the means were procured from the sale of the bonds obtained from Gen. Stapp, not by, nor in the name of, the bank, but by Danforth and Cole.

The mortgages or securities taken at Circleville in March for the Circleville paper taken for exchange by Gen. Stapp, and hereafter mentioned, will probably be worth 15,000 dollars.

For the first sale of 100,000 dollars in bonds to Sherwood for the Erie County Bank, there is no evidence in writing in the shape of an agreement, or bond, or obligation; but in his list of bonds sold,

made out by Gen. Stapp for me to enter in the register, he gives the numbers of those said to be delivered to Sherwood.

For the second sale of two hundred thousand dollars for Gallipolis paper, Gen. Stapp handed me the following instrument :

ERIE COUNTY BANK,)
Buffalo, December 17th, 1840. }

Whereas, we have this day given to Milton Stapp, Fund Commissioner of the State of Indiana, a check on the Bank of Gallipolis for ninety-seven thousand dollars, which will be paid in the notes of the bank of Gallipolis ; and whereas heretofore, to-wit : in the month of November last, we paid to the said Milton Stapp 50,000 dollars of said paper ; all of which is the balance for two hundred thousand dollars of Indiana stocks sold to the Erie County Bank, to wit : one hundred thousand of five per cent. sterling stocks at 98 cents to the dollar, numbered from 1701 to 1800, and dollar bonds numbering from 4331 to 4380 ; also five per cent. dollar bonds numbered from 4401 to 4450, one hundred bonds at 88 cents to the dollar. This paper to be circulated in Indiana, if it can be done in payment of the State debts. Now in order to insure the solvency of the said Bank of Gallipolis, and protect the said State of Indiana from loss in said money, we do hereby agree to redeem all such money that the said State may have on hand at any time, for the amount above named, or return bonds for the amount.

For the Erie County Bank,

M. B. SHERWOOD, *Pres't.*

NOTE.—As if to screen his property and himself from personal liability, Sherwood seems to have acted under legal advice, for all his receipts and papers, of every kind, are executed in his official character, as “President of the Erie County Bank.” At the date of the above, neither he nor Stapp were at Buffalo.

Looking at the description of the bonds, we find those numbered from 1701 to 1800, and those numbered from 4401 to 4550, are acknowledged to have been received by Sherwood in this instrument dated at Buffalo in December 1840.

In my call at Gallipolis to confer with the Prosecuting Attorney, I obtained the following contract between the Gallipolis Bank and the North American Trust and Banking Company, New York, dated June 1840.

Memorandum of an agreement made and entered into this first day of June 1840, by and between the Bank of Gallipolis in Ohio, party of the first part, and the North American Trust and Banking Company, party of the second part, Witnesseth, That the said party of the first part, hath this day sold to the party of the second part, one hundred bonds of the five per cent. stock of Indiana of two hundred and twenty-five pounds sterling each, to-wit: Eighty Bank Loan Bonds, numbering first from 363 to 390 inclusive, and second from 849 to 900 inclusive,—and twenty Internal Improvement Bonds, num-

bering from 1771 to 1790 inclusive, which said bonds are to be paid for at and after the rate of 98 cents to the dollar. And the said party of the second part agree to pay the said party of the first part, the sum of ninety-eight thousand dollars after the following manner, that is to say; The drafts of the party of the first part for one sixth part thereof, to be acceptable and payable on the first day of August next, and one sixth part on the first day of each month thereafter until the whole is paid, deducting eight per cent. from each monthly instalment as exchange between Ohio and New York. And the said party of the first part is hereby authorized to draw for such sums and amounts as their business and interests may require, not to exceed the one-sixth part thereof monthly, as above stipulated: and the said party of the second part to pay interest on the said ninety-eight thousand dollars from 1st July next until paid, stopping interest on each payment as made. In witness whereof, the said parties by these presents, have hereunto set their names the day and year above mentioned.

Comparing the bonds of the latter instrument with those of the former, we find the same numbers, 1771 to 1790 were in possession of the Gallipolis Bank in June, six months before the date of the sale to Sherwood.

The other bonds mentioned in the last instrument were also State property, being part of the 110 returned by the Morris Canal Company, and part of the "300 not used for interest," but otherwise applied as stated in the last year's report. Those numbered 4401 to 4450, mentioned in the sale of December 17, were pledged for money, by Sherwood in September and October before; and I saw the same numbers entered on the books of the parties who furnished him with money. I also saw upon the books of parties procuring the money, the numbers and description of from three to four hundred of the bonds described as hypothecated and sold to Sherwood, that were used by him in borrowing money through the city, months before these alleged sales and hypothecations, and there can be no doubt that the funds employed in all his operations protecting Gallipolis paper, and the like, were procured from the use of Indiana bonds loaned him by Gen. Stapp. The large number of bonds in his possession was the cause of suspicion with capitalists, who refused to advance money on them until Sherwood or his agent exhibited an official note from Gen. Stapp stating that all was right, and that the bonds would be paid.

These are a part of the facts going to satisfy my mind, that the sale of December 17, and the receipt I hold of Sherwood (after deducting the 270 to Hunt & Co.) for 490,000 dollars (mentioned in stating his account) of hypothecated bonds, are instruments or vouchers executed in March to cover up unfortunate transactions with Sherwood.

I do not, however, doubt the payment of Gallipolis money to Gen. Stapp, and it is likely the proceeds of the 100 bonds sold in June by the Gallipolis Bank, were paid to him, and sent to Madison. The "check for the 97,000 dollars in Gallipolis paper," was transferred by Gen. Stapp to William Hendricks, Jr., and had the paper been received before the explosion took place, it also would likely have been sent to

Madison. But the Cashier of the Erie County Bank denies giving that check, and says that his Bank had no money due it at Gallipolis to check for. He denies that the Erie County Bank gave Gen. Stapp the 50,000 in Gallipolis paper named in the instrument; and says no entries were made on the books of the Bank of a purchase of Indiana bonds, nor of any delivery of Gallipolis paper.

In further confirmation of the opinion that the papers were prepared to cover some other transactions, I will refer to the list of sales, in hand writing of Gen. Stapp,—left at the office in which he says—ten of the bonds named in the Sherwood sale of December, were sent to London to be exchanged for “irregular bonds,” and also that seventy of them were delivered to another party, describing the same numbers.

It was to accommodate Sherwood that Gen. Stapp, after putting out all the bonds executed by Mr. Palmer, hunted up an old package of *dollar bonds*—“Bank Loan” (which had been signed by his colleague, Mr. Scott, then rejected and others engraved) and, after signing them, put them into Sherwood’s hands for circulation; and now we have out 23 bonds not known in our reports, and without the authority of his colleague or of law.

Of the bonds not accounted for, 45 were lost under these circumstances:

During my visit home in may, Gen. Stapp took Danforth’s bond for 45,000, and in the recital of the consideration Danforth says it is for 45 bonds used without leave, which had been left in his iron chest for safe keeping by Gen. Stapp. This acknowledgment of a dishonest conversion of so large an amount of stocks to his own use, was found among my papers on my return to the city. Not being disposed to let him escape, the bond was rejected, as it had not been taken with my knowledge or assent, and Danforth was brought up in an action of trover, and held to bail in the sum of 50,000 dollars. Application was made to the court to reduce his bail, and in his affidavit he states that the bonds were loaned to him. Gen Stapp was also examined as a witness, and the parties agreed that 30 of the 45 bonds were part of 50 loaned to Danforth by Gen. Stapp, and that the other 15 were used without leave.

Danforth is now liable for the following sums:

His old debt in the name of the Binghampton Bank,	-	-	60,700
The 45 bonds mentioned above,	-	-	45,000
Bond for Circleville paper,	-	-	28,000
His acceptance for bonds of the Madison Company sold to him, and credited in their account (see account,)	-	-	25,677
			<hr/>
Whole debt of himself and his partner, Cole,	-	-	\$159,377

For the first time my predecessor in August spoke of the new sale of 111,000 dollars in bonds to the Morris Canal and Banking Company, and handed to me twenty bonds or notes of 5,000 dollars each, executed by the *coal agent* of the company, falling due monthly

through the year, and endorsed by the President and Vice-President of the Company.

At the time of the execution of these notes by the *coal agent*, (on the 22d of December) the Company had no coal to sell, nor have they had since ; and whether this agent had power to buy stocks for the Company and make a debt of 100,000 dollars, may well be questioned. In coal, or its proceeds, not a dollar will ever be paid, as I fear, by this agent.

But this *sale*, as it is called, was a *loan of bonds*, by Gen. Stapp to the Company, and both parties have so admitted in their conversations with me. Had it been viewed in the light of a sale, the Commissioner should have so reported and acknowledged in his response to the call of the House of Representatives in February last.

The second loan will be found in the following receipt of Mr. Roop :

BUFFALO, August 13th, 1841.

Received of Milton Stapp, Fund Commissioner of the State of Indiana, ten sterling bonds of the Indiana five per cent. stocks of £225 each, amounting to \$10,000, which stocks were loaned to me in order to enable me to settle with the State of Indiana and secure them in a debt of \$40,000 now due them, and are to be returned to the State of Indiana on or before the 1st day of November next.

HENRY ROOP;

This receipt of Mr. Roop was handed to me last Summer by Gen. Stapp as his voucher for ten bonds. When drafting it he intended to take it at the date he was at Buffalo in August, 1840, and while he *was* Fund Commissioner ; but he committed an error by dating it in August, 1841, when he *was not* Fund Commissioner, owing to which I could not make a demand for the bonds, because, from the receipt, they were not to be returned until the 1st of November *of this year*; nor could I bring suit had I found visible means of Mr. Roop to justify.

Whilst Mr. Roop could not pay his old debt for his Buffalo Bank, and whilst he had mortgaged all his landed property, he, to make investment of his spare capital and widen the field for his financial talent, embarked in the Frankfort Bank, in another State. It was to protect the paper of this Bank that he needed the proceeds of the ten Indiana bonds—and he obtained them. The object of this loan, as expressed in the face of the receipt, is “to enable him to settle with the State his debt of \$40,000.” How these bonds were to be used to accomplish so much is not stated ; but having applied the proceeds to the protection of his bank paper, it is to be inferred that his plan was to procure a credit for the bank notes until a sufficient amount could be exchanged to pay the \$10,000. But the plan failed, and in place of registering the debt, which was to be settled by the loan at \$40,000, it may be set down at 50,000.

Whilst looking after those matters connected with the payment of the July interest, my time was not wholly occupied, but was given to other subjects, and particularly to the large claims comprising the suspended debt, and the stocks and other securities pertaining to them. These debts and collaterals are stated in last year's report as follows :

(Securities taken by Mr. Merrill in conjunction with M. Stapp.)

" 650 shares in the Planters' Bank of Mobile, the par value of which is \$65,000, and worth now in cash, - - - - -	\$40,000 00
" 74 shares Bank of Mobile, par value and worth	7,400 00
" 625 shares City Bank of Buffalo.	
" 50 shares Merchants' Bank, Mississippi, par value \$5,000, worth not known, but the bank is a specie paying bank in good credit.	
" 13,600 shares Little Schuylkill and Susquehanna Rail Road stock, par value \$680,000, worth in cash, - - - - -	230,000 00
" \$181,000 stock Appalachicola Land Co., worth,	181,000 00
" \$40,000 stock Mississippi and Arkansas Land Co., worth, - - - - -	40,000 00
" Pier and Wharf at Jersey City, cost \$110,000, worth, - - - - -	80,000 00
" Undivided third part of 210 lots in Jersey City, worth, - - - - -	50,000 00
" North American Trust and Banking Company certificates of deposit, - - - - -	266,000 00
" Long Island Rail Road Co. judgment, - - - - -	60,000 00
" Harlem seven per cent. bonds, - - - - -	36,000 00
" Beaver Meadow Rail Road Stock, \$250,000 00	
Less a loan from Beaver M'dow Co., 150,000 00	100,000 00
Making, - - - - -	<u>\$1,090,400 00</u>

The value of the " 650 shares Planters' Bank of Mobile" is no doubt overrated at \$40,000. I learn from the Cashier that few transactions in stocks have been made, owing to the scarcity of Money and an indisposition to invest in that way. The last sale made of the stock of this bank was at 50 cents to the dollar. This and the other securities taken by Mr. Merrill, by written agreement with the Morris Canal and Banking Co., must be sold at auction in New York or Philadelphia, on a credit. John J. Palmer, Esq., of the Merchants' Bank, New York, is the authorized agent to sell the bank stocks under that agreement. The sale of the 650 shares will not, I fear, yield more than \$25,000. This bank has regularly paid a dividend on its stock.

" 74 Shares Bank of Mobile."—This is a specie paying bank, is said

to have been well managed and with little or no suspended debt.—The 74 shares (par value \$7,400) will likely command \$6,500.

“50 shares Merchants’ (Manchester) Bank, Mississippi,” amounting to \$5,000.”

This stock is down. I have no satisfactory channel for information, but so far as any has been obtained, the stock will hardly bring 20 cents to the dollar.

“625 shares *City Bank of Buffalo*.”—Although this stock has a place in our list, we have none such. From some reason not given to me, the transfer was never made, and had it been made, the stock could not be sold at any rate.

“13,600 shares Little Schuylkill and Susquehanna Rail Road Stock, valued at \$230,000, cash paid in \$680,000.”

This Rail Road commences at the mouth of Catawissa creek on the Susquehanna river in the State of Pennsylvania, some 210 miles west of the city of New York. It passes through a thinly inhabited mountain district, along what is called the Middle Coal Field, and has been graded and bridged some fifty miles. The object of its projectors was to connect it with the Little Susquehanna Rail Road, leading to Philadelphia, and also to unite with the Beaver Meadow Rail Road, thence with the Lehigh improvements, to connect with the Morris canal at Easton, on the Delaware, and thence to the city of New York. The enterprise originated with a few prominent individuals of influence in the United States Bank of Pennsylvania, and the Morris Canal Bank. The funds expended were provided, mainly, by these institutions; and the road is now indebted to the Pennsylvania bank near \$400,000 for its advances. There is not a dollar to pay this debt nor to finish the line with the superstructure; and if finished, good judges think it would not pay its repairs. For these reasons the stock may be put down as utterly worthless.

With experienced persons, the surprise now is, that men of sense should have embarked in such an enterprise. Having no connexion with lines for travelling, in extravagance of view and barrenness of prospect, it exceeds the wildest enterprises of the west.

The shares transferred as collateral security to Messrs. Merrill and Stapp, were in part derived from the Bank of the United States; but in examining the transfer at Philadelphia, I found them of a date prior to the date of the sale of bonds made to the Morris Canal Company by Mr. Merrill. I filed in the office of Fund Commissioner a map of the district through which the Rail Road is laid, with the annual reports of the officers of the company.

In one of the stipulations for the security of the money from the Morris Canal Company, under the sale made by Mr. Merrill, provision is made for the transfer of 12,000 shares of this stock; I find the certificates are for 13,600 shares, being 1,600 more than the agreement calls for.

“\$181,000 Stock in the Appalachian Land Company.” This stock, in the foregoing extract from the last year’s report, is stated at \$181,000, par value. The written agreement calls for an assignment

of \$181,000 of the stock *in principal and interest*. But the certificates of transfers on the books of the company are for 473½ shares of stock of 500 acres each. What scale of value was applied that resulted in the 181,000 dollars, principal and interest, I know not.

The lands belonging to this company chiefly, if not entirely, consist of an old Spanish claim in Florida, called Forbes' claim, which was for years contested, but in the end recovered in the Supreme Court of the United States. In quantity it was estimated at 1,200,000 acres, but upon actual survey its boundaries contained 1,427,000. The owners proposed a sale of the property in shares of 500 acres each; and from that disposition of it, the Appalachicola Land Company was created and organized.

The foundation for a large city was laid off, and the tract was subdivided for agricultural purposes, giving a due proportion of swamp and hammock to each tract laid off for the culture of the sugar cane and cotton. From 1835 to 1837 large sales were made in lots and lands; but owing to the troubles with the Indians since the Florida war began, the improvements have been arrested, and much of the sold property will revert. In the improvement of the harbor, wharfs and streets from the contributions of the company, and in payment of salaries to agents, and expenses of surveys, &c. a heavy per centum of past sales has been exhausted.

The assets of the company at the close of last year were these—

In bills receivable,	-	-	-	-	-	-	\$283,906 00
Bonds of the city,	-	-	-	-	-	-	15,000 00
Southern Life Insurance and Trust Company,	-	-	-	-	-	-	4,942 00
Farmer's Loan and Trust Company,	-	-	-	-	-	-	17,434 00
Individual debts,	-	-	-	-	-	-	914 00
							<hr/>
							\$322,196 00

By one of the stipulations of the written agreement before alluded to between Mr. Merrill and the Morris Canal and Banking Company, the State had a right to sell this stock upon the default of the Company in paying the instalments of principal or interest as they become due: but upon a recent application of a third party who proposes to hold the stock liable for about \$70,000, the Chancellor has granted an order restraining all persons concerned from disposing of it.

It seems a Mr. Vermylea and one Colin Mitchell each owned stock in the company. Vermylea proposed to sell to Mitchell, and not being willing to trust him, offered to take the bonds of the Morris Canal Company. The stock of Vermylea was transferred to Mitchell, and Mitchell, by giving his own bonds for \$140,000, secured by his stock certificates, induced the Morris Canal Company to issue four bonds for 35,000 dollars each, payable annually on the same days that his bonds fell due to them. Soon after Mitchell was lost at sea, leaving no heir or representative or estate, to look after or pay his four bonds; and they yet remain unpaid. The first two bonds issued by the Morris Canal were paid, and the last two matured in the hands of Seldon

& Richards, assignees of Vermylea, and remain unpaid. The Morris Canal having failed to pay the last two bonds, the assignees ask the court to hold the stock liable for their claim. This, it is believed, is the correct history of the transaction. Seldon & Richards, besides the bill before the court of Chancery, have resorted to other proceedings against the company in New Jersey; and the officers of the company, to get rid of the pursuit of the plaintiffs and the embarrassing tendency of the suit, have requested me to surrender half of the stock to quiet the claim of the complainants. That I have of course declined. Being made a party, Mr. Merrill has answered the complainant's bill. The officers of the Company prepared their answer, a copy of which I have, but it had not been filed before the court when I left for home. Copies of the bills and answers are filed in the office of the Fund Commissioner; also, a map of the city and harbor of Appalachicola. (E appendix.)

"\$40,000 Stock of the New York, Mississippi and Arkansas Land Company."

The investment of this company is in 144,288 acres of	
land, value	\$268,741 24
Add expenses to January, 1841,	24,958 72

Whole cost of land (say \$2 04 per acre)	\$293,699 96
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The title is derived from the United States, and is good. The trustees managing the concern are Messrs. Irving, Post and Love.

Lands sold at an average of \$5 46 amount to	\$186,319 99
Expenses of surveying, agents and officers	
from May, 1835, to Jan. 1841,	\$40,278 67
To dividends paid over,	38,544 00
	78,822 67

Amount now due for lands sold,	\$107,497 32
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Of which sum about \$80,000 may be expected to be paid in during the coming year, when the amount received will be distributed to stockholders.

Land remaining unsold, 110,182 54-100 acres.

My information of the Appalachicola lands, and of those of the Mississippi and Arkansas Land Company, has been obtained at leisure moments from correspondence, from conversation with the officers and from reports of the agents. Of the value of these securities, I can venture no safe opinion until I see them. The winter is the most favorable and safe season to examine them, and not having completed my duties in that respect, it is my purpose, after filing the proper proceedings in the court in Georgia, to recover the mills fraudulently left out of the mortgage, and to bring about a sale of the lands there, to proceed with the closing of my further duties by examining the property of the two land companies.

"Jersey City Pier and Wharf, valued at 80,000."

These structures are at the mouth of the Morris Canal, and were built at an expense of \$110,000. Vessels can approach and load and unload, at all seasons of the year, and in connexion with the Canal are necessary and valuable improvements; but I see no distinct and convertible value separate from the trade of the Canal, and being, as I think, necessary appendages to that work. I see no profits to be derived from them alone, that will justify the valuation claimed for them. From the title papers I can find no conveyance for the Pier, and am inclined to think it is not conveyed, as supposed.

"\$266,000 in certificates of deposit of the North American Trust and Banking Company."

This item in the printed list from last year's report, was reduced to \$195,000 in the after part of the same report, by acknowledging the payment of \$71,000 of the certificates on the 1st of October; and the commissioner was then of opinion that \$195,000 would be paid on the 1st January, at which time they were all due; but the bank not being ready to pay, Gen. Stapp extended the time and took new certificates, payable monthly, without security of any kind, which will not all fall due before November, 1842. Those which became due, were protested since they came into my hands.

A note was addressed to the President in the summer, asking the institution to make some immediate provision for the certificates which had fallen due, but none was offered. Soon after its doors were closed by an injunction.

It seems the managers of this Bank made four assignments, placing some 2,600,000 of its assets in the hands of trustees, leaving hardly a farthing to pay the State and other creditors to nearly a million in amount. These assignments, it is believed, were made to save certain parties and individuals interested, from loss. When the further time of nearly two years was given on our claim, the object in asking it, as I believe, was to prepare and apply their means for the benefit of others, not intending to pay a dollar of our demand.

After taking advice of competent counsel, a notice and request were served upon the Receiver appointed for the Bank, asking him to institute the proper proceedings before the Chancellor, to restore, for the benefit of creditors, the large assets in the hands of the trustees, on the ground that the several assignments were illegal, fraudulent, usurious and void. Relying upon the facts obtained at the hands of others, and upon the opinion of the counsel whose advice was sought, I am in great hopes of the ultimate payment of part at least of the claim. (For a copy of notice see paper marked D.)

Of these certificates of deposit, represented as good in the last year's report, but 175,000 dollars have been delivered to me, being 20,000 dollars less than the sum mentioned as due and owing from the North American Trust and Banking Company.

As I am informed—and no doubt correctly—the deficient certificates were used by Gen. Stapp in the purchase of 20,000 dollars worth of lands in the Northern part of this State, that belonged to a gentleman in New York. In their place he left among the papers of

the State, a bond of the "Wyoming Coal Company" in Pennsylvania for 20,000 dollars, payable in five years, bearing an interest of six per cent, payable half yearly. From its face it purports to be part of a loan of 40,000 dollars, authorised by the company, secured by certain mortgages, referred to, upon their coal lands, but I learned from one of the parties that the mortgages given are to secure bonds having ten years to run, and do not apply to those payable in five years. When in Pennsylvania last, and at the time I made my trip to the Iron Works, the president of the company was absent, and no provision was made for the interest due on the bonds, as was requested by a note left for him.

Upon a further inquiry made on the subject of this bond, I ascertained that Gen. Stapp procured it through the individual to whom it was made payable, and that he paid for it 14,000 dollars in cash. It was executed in January and afterwards delivered to Mr. Robinson, he paying the 14,000 dollars at the request of Gen. Stapp; and I find a charge of 14,000 dollars on the 1st March, in the account of Mr. Robinson, as stated to me in his "letter of April 7th" and that item will, in part account for the increase of the sum stated to be borrowed by the pledge of bonds from 270,000 in the report of "10th Feby." to 290,500, as presented to me.

"Undivided third of 210 lots in Jersey City, valued at \$50,000."

The written agreement between Mr. Merrill and the company, settling the terms on which time should be given, calls for a mortgage on the Pier and Wharf at the outlet of the canal. Also the undivided third of 210 lots owned in company with Gregory and Henderson, and 250 lots bought of Comstock and others. The mortgage description is for 102 lots, of which 74 are said to be appropriated for the canal, basin and wharf, leaving 28 lots to be used as coal and lumber yards, all of which may be said to be appendages of the canal; so that we have no separate and distinct mortgage on the undivided third part of 210 lots. The mortgage, however, covers 252 lots deeded entirely by one Comstock to the Morris Canal Company. These are in an addition made to Jersey City from the farm of one Van Vost, who now holds a claim, by mortgage, of 13,000 dollars which encumbers the lots, and if not paid by the Morris Canal Company, may endanger the loss of all the security supposed to be obtained by the mortgage.

Next is the "Judgment on the Long Island Rail Road." This was taken by Mr. Merrill and was well secured; but, as will be seen from the extract taken from this report, was given up by Gen. Stapp. He also, as stated in the same report, gave up part of the Harlem Rail Road bonds. This company, like most others, has had its own troubles, and its bonds have therefore depreciated. (See paper marked F.)

Beaver Meadow Rail Road Stock.—This is the last item named in the securities taken by Mr. Merrill. The company is largely interested in the coal mines near the eastern termination of the "Middle Coal Field." For the transportation of the coal from the mines it was necessary to construct a Rail-way, which was accomplished at

much expense. The extraordinary freshet which caused so great a waste upon the Lehigh Canal and other improvements, swept off, also, a part of those of this company, which they have been reconstructing since the spring. Like other associations embarked in similar enterprises, its finances are in bad condition. The company waits with impatience the enlargement of the Morris Canal; which, when completed, will enable the Beaver Meadow company to reach the New York market with the products of their mines. Mutually dependent upon each other, the Morris Canal Company became subscribers to the Beaver Meadow Stock; but in their dealings, the Morris Canal company stands debtor to the other in the sum of 156,000 dollars, besides some two years interest, and under the charter of the company, none of the stockholders can transfer stock so as to convey a property until their indebtedness is discharged. The Beaver Meadow company, therefore, holds the stock of the Morris Canal company liable for this debt of 156,000 dollars which existed at the time of delivering the certificates to the State.

It cannot be sold until the debt due the Beaver Meadow Company is paid; and if it were paid, the stock has so depreciated that it would command but few dollars to the hundred. It is, therefore, no security to the State whatever.

The securities taken by Gen. Stapp, under his last arrangement of October 1840, for the payment of the debt from the Morris Canal Company will appear from the following extract from his report of last year.

1st. The securities taken by Mr Merrill and myself in December last, as before mentioned	-	-	\$1,090,400
Less Harlem Rail Road bonds returned,	\$19,000		
Long Island Judgment,	60,000	79,000	
			<hr/>
			\$1,011,400
"2d. Bonds for Iron,	-	-	300,000
"3d. D. B. Holbrooks bonds, secured by Norristown Valley Rail Road Stocks for the return of Indiana Sterling bonds,	-	-	87,121
"4th. The Bonds of Simeon Draper for the return of Indiana Sterling bonds,	-	-	25,000
"5th. Downer and Steinhouse notes for	-	-	10,000
"6th. Other notes and judgments,	-	-	24,000
"7th. 252 canal boats delivered to Maj. Knott, as the Agent for Indiana,	-	-	52,500
"8th. A mortgage on the canal from Jersey City to Easton, one hundred and one miles; cost \$4,000,000 now worth \$2,000,000			
Less the "Dutch lien" from Newark to Easton,	-	750,000	1,250,000
			<hr/>
Making in the whole, security to the amount of			\$2,760,021"

"*The Iron bonds of 300,000 dollars.*"—It will be recollected that 300,000 dollars of our bonds, as is shown by the annual reports, were put into the hands of the Morris Canal Company to be exchanged for some informal or irregular bonds, previously issued. These bonds were not so applied, but were converted to the use of the company. In payment the company gave its own bonds for iron, payable one third on the first days of May and November, 1841, and the other third of \$100,000 on the first day of May 1842. To secure the payment of *their* bonds, the Morris Canal Company procured and assigned the bonds of the company then about to erect Iron Works on the Susquehannah River in Pennsylvania, for 200,000 dollars, and the bonds of the Stanhope Iron Manufacturing Company, in New Jersey, for 100,000 dollars, each of which were payable one third on the days named for the payment of the bond given by the Morris Canal Co. The Pennsylvania company is composed of Messrs. Chambers, Biddle and Lord.—The two last named gentlemen were the President and Vice President of the Morris Canal and Banking Company.

My first interview with them after the time of payment had passed by, was at their furnaces on the Susquehannah. At their establishment near Danville, with lands to the amount of 1400 acres an old furnace had been repaired and two extensive new ones erected on the most approved plan for the use of anthracite coal. At their establishment at Wilkes Barre, now called Wyoming works, the forge, rolling mill &c. were advanced, but not ready for operations, and needing another outlay of 18,000 to 20,000 dollars to finish them. At the two establishments they had expended 175,000 dollars.

Finding themselves embarrassed by the debts incurred in making their extensive improvements, after exhausting their cash means, terms of a dissolution of the partnership were agreed on, before my arrival, by which Mr. Chambers, the active operator, was to take the furnaces at their cost, and return the capital advanced for their construction in *five annual payments*; and on like terms, Mr. Biddle was to take the incomplete establishment for wrought iron at Wilkes Barre. In looking at the condition of the company—freely communicated to me, the amount of debt on their large real estate—the sums due to merchants and laborers, I saw their inability to pay, from their profits, large as were the proceeds in iron from the extensive establishment, and that a legal controversy would not only bring upon them the amount of the State's claim, but would hasten suits from all creditors, ending in a natural preference for those at home,—that a suit would likely end in the sacrifice of their estate without our getting a dollar. Under such circumstances it was thought better to take bonds and mortgages, in five annual payments according to terms of dissolution on the two establishments for 170,000 dollars, with their joint obligation for 30,000 dollars, in one, two, and three years. But in this arrangement I cannot risk the opinion that the claim is entirely secure, though all that could be, was done, to make it so. In the enterprise and good management of Mr. Chambers, the sole owner of

the property at Danville, I have confidence, and if he survive the five years, the claim, I think, will be good.

At the time of the execution of these "Iron bonds," they could only have been intended *to count*, and were any thing but what they purported to be—a security. Parties to the Morris Canal were parties to the bonds—the "Iron Works" were not built, nor were the lands paid for on which they were to be erected—the capital necessary for all this was to be provided mainly through the Morris Canal and Banking Company, and all parties must have known at the time the bonds were delivered to the State, that the Iron Company could not make the promised payments in iron; and although much was said at one time of getting Rail Road Iron in payment for these bonds, it is doubtful whether a tun would have been procured under a promise of its delivery, the obligors having no means to spare in either iron or money for its importation.

The bond of the company in New Jersey for 100,000 dollars has been placed in the hands of Governor Williams for collection. He has, however, recently been authorised to give one, two, and three years upon receiving satisfactory security either personal or real estate.

"D. B. Holbrook's bonds for \$87,121, secured by Norristown Valley Rail Road stocks."—Before these bonds fell due, Mr. Holbrook went to London as the agent of the proprietors of the city of Cairo, at the junction of the Ohio and Mississippi Rivers, without making any provision for the payment of his bonds. Looking next to the security left,—the bonds of the "Norristown Valley Rail Road," I went to the neighborhood of the line and found the Road unfinished and abandoned; and upon further inquiry I ascertained that the bonds of the company, left to strengthen those of Mr. Holbrook, were scarcely known in the stock market at Philadelphia, and that they were not worth any thing, nor were they convertible in any way or for any thing when they were delivered to the Commissioner. Under these circumstances, it was thought best to send the bonds of Mr. H. to London for collection, and they were accordingly transmitted by one of the steamers. Whether the money will be recovered much depends upon the opinion of the Lord Chancellor as regards the right of unrepresented sovereignties to enter their courts: an opinion not disclosed, however, at the date of the communication from the solicitors. The correspondence is marked F.

These securities taken by Gen. Stapp, as described in the extract from his report, were not of "Rail Road Stock," but the sterling bonds of the company in various denominations, from £100 to £1,000 sterling, payable at the house of wright and Co. in London.

Bonds of Simeon Draper for \$25,000, in Indiana Bonds.—Soon after I arrived at New York, for fear of some previous omission, notices were given to parties where obligations had been assigned to the State, and among others to Mr. Draper. Upon the day his note fell due, a Notary Public was sent to demand the bonds, but failed in getting them. Soon after this, I learned from him and from the Morris

Canal officers that he had paid his bond to the Company, and on their part the officers proposed to give claims in the south ; but they were not such as could be accepted.

Mr. Draper has long been connected with the Morris Canal and Banking Company ; and at the time of the execution of his bond, he knew it was for the purpose of assignment to the State—had he no notice, therefore, he knew of the State's right of property, and that he was not at liberty to pay the bond to the bank nor procure offsets, and that any such payment could only be viewed as his own risk and his own wrong. This view of the subject was given in a verbal reply to a note from Mr. Draper. After notifying him of the necessity of diligence on my part in the recovery of the claims due the State, the bond was left for suit.

Mr. Draper is a business man—rather a favorite in the circle of his acquaintances, and although he may have no sufficient present means of payment, I think, from his enterprise and his pride of character, he will make payment.

Dower & Steinhouses's notes for \$10,000.—This obligation, General Stapp informed me, would be found noticed in his cash account, but I find no entry charging himself with the money.

"Other notes and judgments for \$24,000."—At the time of the transfer of the bonds on Messrs. Holbrook and Draper, Gen. Stapp also received to be applied to interest account, these claims :

Claim on Kelsey and Halstead,	-	-	-	\$10,000
Judgment on Col. Reeside of Philadelphia,	-	-	-	14,000
Mortgage from T. A. Emmett,	-	-	-	6,000
Amounting to				<u>\$30,000</u>

The claim on Kelsey & Halstead was in some way settled with the Morris Canal Bank ; and I find on file an assignment by the Morris Canal, without recourse, of a claim on ——— Jackson, of New York, now in suit. That assignment is supposed to be in lieu of the one on Kelsey & Halstead, and has been filed with the attorneys who have charge of the suit. Whether the debt will be collected or not, I can venture no opinion, as the claim is contested by Jackson. Why the exchange of the other claim for this on Jackson without recourse, was made, has not been explained.

The sale of Reeside's property being advertised, I attended at Philadelphia, but upon an examination of the records by the attorney, there appeared judgments enough of a prior date, to cover the whole of the proceeds of the valuable property advertised. If paid at all, this claim must be satisfied, as supposed, from that of Col. Reeside upon the Government, now adjudicating in the United States Court ; and then it will of course depend on the voluntary act of the party.

The mortgage from Emmett, I am informed by the attorney, had been settled with the Morris Canal Bank. This information was ob-

tained when I was about to leave New York for the west, and my time afforded no opportunity to pursue the inquiry further.

"252 Canal Boats, delivered to Maj. Knott, as the Agent for Indiana, valued at \$52,500."—The schedule of these boats, as certified by Maj. Knott, makes only 230. Many of them are much worn, and after being exposed to the elements, lying in the dry basin, whilst the repairs are being made on the canal, (as those I saw were,) the expense of the repair must be great. Taking into view this expense of repair, and the unsuitable capacity of small boats, when the canal has been enlarged for the passage of boats of 54 tons, I doubt much whether the value set on them can be half realized in any disposition that may be made of them. (*See appendix G.*)

The 8th and last security taken by the Commissioner and mentioned in the extract quoted from the last year's report is the *Mortgage on the Morris Canal*.—* The account with the Morris Canal and Banking Company, as stated in the report, is larger than the obligations recited in the mortgage, and from its language the reader supposes the *whole debt* is included in the mortgage from Jersey City to Easton — The report states it thus:

Due on account of the Wabash and Erie Canal Fund and Internal Improvement Fund, the sum of	-	\$817,798	34
Bank Loan,	-	960,000	00
Interest on the above to Jan. 1, 1841,	-	101,986	86
Bonds sent to London to be exchanged, and not exchanged, but used,	-	300,000	00
Bonds to be used in payment of State's interest, and not so used,	-	190,000	00
		<hr/>	
		\$2,369,785	20
Deduct the "interest to Jan. 1841," though not paid,		101,986	86
		<hr/>	
Leaving whole debt without interest,	-	\$2,267,798	34
		<hr/>	

Consideration stated in the mortgage is \$1,811,000 00, viz:

Bonds recited in the mortgage from Jersey City to Easton—	
For Bank Loan,	\$960,000 00
Bond for W. & Erie and Int. Imp. funds,	251,028 34
For iron bonds,	300,000 00
Bond for return of Indiana bonds,	300,000 00
	<hr/>
	1,811,028 34
	<hr/>
	\$456,770 00

* The original mortgages cannot be found after an inquiry through the Summer. The Secretary of State cannot ascertain to whom they were delivered after recording. This delayed my examinations of the title, &c. until September, when copies were procured from the seat of Government of New Jersey, where they are recorded—the copies obtained are filed in the Home office.

Deduct also—

Bond named in second mortgage on the Canal from Newark to Jersey City, 10 miles,	- - -	190,000 00
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Leaving,	\$266,770 00
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For which there is no obligation or written memorandum whatever. This sum agrees very nearly with the N. Am. Trust Co. certificates, and they have likely been left out of the mortgage.

In the mortgage there is a clause for the payment of "all other debts, dues and demands" then or thereafter to be owing; but without some evidence of these *other* debts, this clause is useless.

As regards the value of the Morris Canal, I confess I hold it in much higher estimate than I did before I had data for a correct opinion, and whilst influenced by the unfavorable representations hitherto made of its prospects and capacity for business. The obstacle in the way of its success was its insufficient width for the larger class of boats that would otherwise navigate it. In their endeavors to obviate this objection by widening the locks and banks, the company have made sacrifices, and deserve much credit for their perseverance. The contemplated enlargement is complete as relates to the locks, but whether they can widen the banks and deepen the channel by the opening of the spring, may be doubtful, as both the credit and means of the company are greatly exhausted.

Its chief business and income are dependent on the trade in coal and iron; and when looking to the coal fields and iron districts adjacent to its western termination at the Pennsylvania line on the Delaware—to the amount of labor employed in the iron and coal mines and the trade of both, and the lines of Rail Road and Canal, finished and in process of construction, all pointing to the New York city market; there are strong reasons for classing the Morris Canal, when enlarged, with the most valuable works terminating at that city. I do not think it at present a sufficient security for our large debt; but when enlarged, its capacity and the growing patronage that must contribute to its receipts, will justify liberal calculations from creditors.

Whilst, for the reasons before stated, I think much may be expected from this work by the end of the next five years; it must not be forgotten that about that time the "Dutch Lien," as it is called, of 750,000 dollars, falls due, having precedence of the debt due the State of Indiana. Were that out of the way, I would view the canal as acceptable security for the debt that will fall on it, after converting into money what available securities we have.

Not forgetful of the duty pretty clearly pointed out by the act of the legislature, defining the powers and prescribing the duties of Fund Commissioners, that of ascertaining whether any of the parties holding our stocks were privy to the purchases made by the Morris Canal Company and others, and not paid for, I have made all the examinations my sources of correct information would allow, without finding sufficient evidence to warrant an affirmative conclusion. For that purpose I made a short stay in Philadelphia, and directed my inqui-

ries to transactions between the late United States Bank and the Morris Canal and Banking Company. Taking advantage of an acquaintance with Mr. Meredith, the District Attorney of the United States, he, at my request, had an interview with the late trustees of the former institution, and obtained an offer of any facility or information to be obtained from the files and books of the bank, in reference to the purchase of our stocks from the Morris Canal Company. Mr. Meredith furnished me with a report of an investigating committee, reviewing the transactions with the Morris Canal Company, of which the purchase of some of our stocks was a part, and from that review there is nothing in point of the time of the purchases of our bonds, the amount, or the mode of payment, to warrant an opinion that the United States Bank shared in the purchases. A pamphlet containing the report of that committee is filed in the office for reference.

The North American Trust and Banking Company was also supposed to be privy to, and interested in, the bonds delivered to the Morris Canal Company, but of the correctness of that suggestion there is no evidence in the facts involved in their dealings, that have come to my knowledge, sustaining such an opinion, though that institution held, at one time, a large amount of our bonds obtained in other negotiations.

The next list of claims enumerated in the last year's report is registered in the following table: (*M. Stapp's report p. 48.*)

No 2.	Western bank of New York,	-	-	\$240,000,00
3.	Pontiac Rail Road,	-	-	90,000,00
4.	Erie County Bank,	-	-	141,573,40
5.	Binghampton Bank,	-	-	60,700,00
6.	Bank of Commerce,	-	-	81,600,00
7.	Henry Roop, (Bank North America,)	-	-	40,000,00
8.	Staten Island Whaling Company,	-	-	60,000,00
9.	Same with other liabilities,	-	-	20,000,00
10.	E. and P. Houghwout	-	-	28,000,00
11.	W. A. Swain,	-	-	4,000,00
12.	J. J. Cohen and Brothers,	-	-	55,000,00
13.	Madison Company,	-	-	55,044,63
14.	Compromise property,	-	-	285,149,60
15.	Merchants Exchange Bank, Buffalo,	-	-	200,000,00."

No. 2. *Western Bank of New York, \$240,000.*

In the negotiations had with this Bank in 1838, Messrs. Coe, Farrington and Smith delivered 300,000 dollars in bonds, towards which 60,000 dollars were afterwards paid. At that time, the Officers and parties in this Bank were engaged in the lumber business, in the name of the "Georgia Lumber Company," in Georgia, owning a large landed property in the pine lands of that State of over 300,000 acres, on which they had built an extensive dam, and mills with fourteen saws. Of these lands some 306,000 acres were offered in security, and the officers exhibited certificates of valuation from persons called county officers, representing the mills and other improvements, together

with the lands, to be worth over a million of dollars; all of which, by agreement, were to be embodied in the proposed mortgage; subsequently prepared and delivered. The Western Bank, New York, failed to make its payments, and has been placed under an injunction, leaving the State of Indiana to look to the mortgages of the Georgia Lumber Company.

Finding myself fully employed, and having reason to question the good faith of the parties mortgaging the lands and having travelled with a southern gentleman who was acquainted with the property; I determined to send an agent to make examinations, rather than risk the consequences of delay in looking to the claim, until I could leave other duties. Acting from these views of duty, whilst at Madison on my return home in May, I addressed a letter to Mr. Sherman Day, at New York, stating the object, and requesting him to proceed to Georgia and make the desired investigation and enquiry.

It turns out that the certificates of valuation were fabricated for the purpose, and that the valuation must have been from the grossest ignorance, or from motives of fraud. Mr. Day ascertained, furthermore, that the company had purchased, second handed, the water power or mill seat, with some 1200 hundred acres of land, but besides these, the greater part of the 300,000 acres consisted of the poorest pine lands, long before distributed among the citizens of Georgia under her old lottery system, and not being claimed by the persons who drew them, they were, by law, afterwards opened for entry by any one who would pay the office fees of about five dollars per tract of 202 acres.

The mills, at the making of the mortgage, were said to be located on a tract numbered 329, but the lines could not be traversed by Mr. Day. For further information and certainty as to the location of the mills, a map was procured from the surveyor general of Georgia, but without its leading to any positive conclusion as to the site of the mills.

Late in the summer the Secretary of the Lumber Company visited New York City, and in the course of our interviews he acknowledged the mills to be located on the tract adjoining the one numbered 329, and that the lot was not included in the mortgage. He acknowledged, also, that, by agreement, the mills were a part of the intended security of the mortgage; but he refused and neglected to proceed to make a conveyance that would include them. In remedy of this fraud, the proper complaint and bill were filed with the chancellor, who enjoined the parties from a conveyance of the property. The character of the reply of the defendants is not yet known to me, as the writ was served whilst on my road home. The mortgages are left with counsel for foreclosure; and for fear of a fraudulent conveyance of the tract on which the mill is located, it will be necessary to proceed at once before the courts in Georgia. Without the mills the lands will hardly have a value attached to them; and with the mills, the security is quite insufficient.

No. 3. *Pontiac Rail Road*, \$90,000. The Legislature of Michigan at its session of 1834 chartered the *Detroit and Pontiac Rail Road*.

At the Session of 1838, the charter was amended, giving the Rail Road Company banking powers, and requiring the company, as a condition precedent, to transfer its stock to secure the creditors of the banking department of the corporation, which, it seems was not done. Standing in need of means for the progress of the Rail Road, in January or February, 1838 a petition was sent to the Legislature of Michigan by the Company, asking an appropriation of the bonds of the State to the amount of 100,000 dollars. An act was passed, accordingly, granting to the company the bonds or stock certificates, provided the company would pledge the Road for the payment of the 100,000 dollars to the State. An instrument was accordingly executed in March, 1838, mortgaging the Road, and in addition the company mortgaged their private property.

The President of this company and Dr. Coe, in October 1838, after the execution and recording of the mortgage to Michigan for the 100,000 dollars, entered into a written agreement for the sale of 100,000 dollars Indiana Stocks, the company agreeing to give the guaranty of the Pontiac Bank, (a part and parcel of the Rail Road,) and the guaranty of the Merchant's Bank at Buffalo. In the before named instrument of agreement, Williams, the President, states that there was no mortgage to precede the claim of the State of Indiana, aware at the same time that the mortgage to Michigan, on the Rail Road, had been executed and recorded.

The bonds of the Company and Bank were executed, and ten thousand dollars have been since paid, leaving the 90,000 dollars and interest still due. The opinion of the Attorney General of the right of property of the State of Michigan, with a copy of the conveyances from the Company, and copies of their charter &c. &c., are filed for reference.

Although the Attorney General speaks in a confident tone, there are doubts whether Michigan can hold the Rail Road over all other creditors, her bonds not being paid by her to the holders, and she having other securities to look to. To investigate the subject and, if necessary, to institute legal proceedings to make the Road, the Bank and the officers liable, the necessary counsel has been employed. Whether this claim will be entirely or only partially lost, will depend on, and must await future events.

No. 4. *Erie County Bank*, \$141,573 40.—This is one of the Banks taking its powers from the general banking law of New York, and is commonly called Sherwood's Bank—so distinguished because his name has rendered it odious.

To secure the debt from this Bank, the President assigned to the Fund Commissioner in 1838, the bonds and mortgages of E. E. Smith, now dec'd, for 45,000 dollars; since which the property has been sold upon older mortgages. Five other mortgages were also transferred to the Fund Commissioners in 1838, upon blocks of ground in Buffalo, being parts of a 50 acre lot belonging to—Ketcham, who, when he sold the tract, took a bond and mortgage for 25,000 dollars of the purchase money. Some of the second hand purchasers paid Ketcham.

but others did not; and therefore the property is liable for his claim. A small portion of the debt may be saved, but having no other security, almost the entire sum will be lost.

No. 5. *Binghampton Bank*, \$60,700 00.—This also is another of the Banks established under the "free banking law," of New York. It was located at the town whose name gives description to the Bank, but the adventurers who got it up resided in the city of New York. For this claim we have no security whatever, nor have we a name connected with the debt good for five per cent. of the stocks trusted to their hands. The Bank is in the hands of the Bank Commissioners for liquidation, but will pay nothing. Its projectors, Danforth & Cole, are insolvent to a large amount. No one knows what has been done with the proceeds of the bonds they cashed at various times.

The original obligation for the claim on this bank has not been given me. In the delivery of the papers, Gen. Stapp handed me two certificates of deposit of the Cashier for 58,200 dollars in the name of C. L. Cole, date 2d January last, the one to bear interest from date, and the other from March 1st, the interest appearing to be paid to the 1st of March on the second of the two for 20,500 dollars. In his cash account, Gen. Stapp has charged himself with interest to 1st January, received from the debt; but for the difference of 2,500 dollars between these certificates and the old debt, paid, as would seem, on the 2d January; he has made no entry, nor of the interest accruing from that date to the first March on the \$20,500.

No. 6. *Bank of Commerce*, \$81,600 00.—This is another of the free banks that grew up under the general banking law. It was organized under the patronage, in the name and was the property mainly of H. Pratt, dec'd, and its assets are chiefly in his obligations. The Bank Commissioners obtained an injunction arresting all further proceedings in virtue of the banking privileges conferred by the general law. The solvency of the bank will depend on the proceeds of the estate of Mr. Pratt; if his estate be good, as has been reported, then the bank may pay its creditors; but so far as my information extends, I see no sufficient reliance for the payment of fifty cents to the dollar, it being conceded that the means are to be derived from the sale of the large landed property of the estate of Mr. Pratt dec'd. (See appendix H.)

No. 7. *Henry Roop, (Bank North America,)* \$40,000.—This Mr. Roop is a pupil of Sherwood, and for awhile was interested with him in a partnership trade. His "Bank of North America" never had any substance or means other than those obtained on credit. It appears from the Fund Commissioner's report that there had been delivered to this Bank 50,000 dollars in bonds, to be paid for in its own paper, which could not afterwards be used as contemplated—the Fund Commissioners concluded to reduce the price of the bonds, and give time to return them, if the parties would give security. For that purpose Gen. Stapp was sent to Buffalo; but in his agreement he rescinded the contract with the Bank, taking Roop's individual bonds and stipulating for the payment in money and not for the return of the bonds.

He then received three mortgages in security. The one for 40,000 dollars on what is called the "Terrace property," was taken in conformity to the agreement; and at the time of its date there was a suit pending for the foreclosure of a mortgage executed in 1837, by Roop, and Stoddard on the same property, which, was sold accordingly, leaving still another mortgage of a date prior to the one given to the State. The next mortgage was upon the dwelling house of Mr. Roop, which was then mortgaged, and has since been sold. The third mortgage for 5,000 dollars on a block, being part of a larger property. On this there is also a previous mortgage, but there are so many holders in the larger property, and the improvements made are so valuable, that it is believed the old mortgage will be paid. But the property conveyed for the security of the 5,000 dollars will not then bring the mortgage money. It may be worth 3,000 dollars.

I find from papers which I obtained at Buffalo, that there were other transactions at the time of the settlement with Mr. Roop, not stated in the last year's report, in which the late Fund Commissioner made a sale of 7,000 dollars in bonds to Mr. Roop, and took in payment a deed for a house and lot in Buffalo. That property has since been deeded to the State by Gen. Stapp, but in value is not equal to 7,000 dollars. In August my predecessor informed me of the deed, but not of the additional sale of 7,000 dollars; and when he exhibited it in his own name, I understood him to say it was on account of the old debt. The bonds given in consideration are not registered, nor have I any account of their numbers or any other description.

No. 8. *Staten Island Whaling Company*, \$60,000.

The charter of this Company was granted by the Legislature of New York in March 1838. The object of the association was to enter into the Whale fishery, to manufacture oil, candles, &c. Vessels were accordingly sent out, and returned with cargoes. A factory was built and the business carried on by the proper agents. With the passage of the General Banking law, the views of the company expanded, and the next step was to connect the banking business with their first object; the Staten Island Bank was accordingly established. These operations requiring additional capital only to be procured by credit, a successful application was made for bonds, on credit, amounting to 60,000 dollars at one time, and 20,000 dollars at another; besides which, other advances were made to individuals, whose names appear in the list. The business of the next year proved disastrous, and the company closed its manufacturing and other operations, executing to the State its obligations endorsed in blank by some half dozen of its members; but the obligations were not in commercial form, nor were the notes protested. The members of the company refuse payment on the ground that they are not legally liable; and if they were, but a small part of the money could be collected. The company assigned 60,000 dollars of the stock of Staten Island Bank, but it cannot be sold at half price; indeed it has no value in market. The obligations for the \$60,000 are in suit.

No. 9. *The same, with other liabilities,* \$20,000.

For the security of this second debt of the Whaling Company, a mortgage was given on their Factory for oil and candles at Port Richmond, Staten Island, having some three years to run. The rent of the Factory not being applied to the payment of the interest of the debt, which was wholly neglected, a bill was filed, asking the court to place the property in the hands of a trustee for the benefit of the State, the only creditor, and praying the court for a decree of sale &c. Soon after the preparation of this bill, the Factory was burned down. An offer has been made for rebuilding it, and renting it for 700 dollars per year, until the tenant shall be remunerated—the building being estimated to cost 2000 dollars. The assent of the State has been given to the proposition.

No. 10. *E. & P. Houghwout,* \$28,000.

This claim of 28,000 dollars originated with the Whaling Company or Bank, and the bonds sold were for the benefit of that company. For the security of the debt, a mortgage was taken upon lots laid off as an addition to the town of Port Richmond, but it was not recorded for a year, nor until a second mortgage for 22,000 dollars was recorded before it, and without notice. Besides these they owed other debts, but had no other property or means of payment. The lots mortgaged, amounting to some 17 acres, were in cultivation, and so depreciated in value, that they would not pay a third of our debt: Mr. Houghwout, however, with the loss of property, has preserved his good name. Through a wealthy relative, who was a holder of Indiana bonds, he procured 12,000 dollars, and gave his own obligation, with security, for 3,000 dollars more, payable in two years, which compromise was accepted and the party discharged.

No. 11. *W. A Swain,* \$4,000.

This debt was also connected with the Staten Island Whaling Company and Bank. The party gave a mortgage, July 2, 1838, on property in Port Richmond, which, like that of Mr. Houghwout, was not recorded until August 1840. In the course of the same year, Mr. Swain made four other conveyances for similar sums to other creditors. He is now wholly destitute of property; and from habits strongly fixed, will not be likely to again enjoy either property or credit.

No. 12. *J. J. Cohen & Brothers,* \$55,000.

At the time of the settlement made by Doctor Coe, with this house in April 1838, they were indebted to the State of Indiana in the sum of 65,000 dollars. By the compromise made with them, they undertake to pay 5,000 dollars per year for five years, with the interest on the whole sum, making 25,000 dollars of the principal; the balance of 40,000 dollars, with the interest, was to be paid at the end of ten years. Three payments of 5,000 dollars cash, with the accruing interest on the whole debt, have been paid; leaving two payments of 5,000 dollars each, due on the first day of July 1842 and 1843, and the final payment of 40,000 dollars due July 1, 1848. The whole amount of the debt was secured by mortgage on their Banking house in Baltimore. Their payments in principal and interest have amounted

to over 26,000 dollars, and they now offer the Banking house to be discharged from the remainder of the claim, a proposition not thought advisable to accept, and it has therefore been declined, under the advice of the Executive officers.

Merchants' Exchange Bank at Buffalo, \$200,000.—The securities for this debt, taken by Gen. Stapp in August, 1840, and described in the report of Messrs. Stapp and Palmer, at page 54, are

“The guaranty of the Steven’s and Vanderverter’s			
Stock in the Bank,”	-	-	\$200,000 00
“Mortgages on real estate in Michigan,”	-	-	30,000 00
“Bills receivable, (said to be good,)	-	-	90,832 89
<hr/>			
Amounting to,	-	-	<u>\$320,832 89</u>

The stock of this and others of these free banks is a mere creation of the fancy, without substance, and known only by name. It is a term that represents *nothing* when applied to these *Free Banks*.—Their capital consists of State bonds or mortgages, not money. These stocks, State bonds or capital, no matter which, are left with the Comptroller, who delivers the bank notes to be circulated, in exchange for them. The bank bills thus issued, when they can no longer circulate for want of coin to redeem them, are taken to the Comptroller, who sells the State bonds, &c., and takes in the bills. When this operation is performed, and the bank or the bill holders lose the depreciation in State bonds, it will be difficult for the most skilful financier to point out anything remaining valuable or tangible to be called stock. This is so well understood where these free banks are located, that their stock, so called, will not command a dollar to the hundred.

With the guaranty of the parties named, but little strength is given to the bonds of the bank. They are the same men who managed and owned the bank.

The mortgages for 30,000 dollars are upon property in Michigan of but little value at the best, and at the time of executing and recording them, the property was mortgaged to the State of Michigan by Sherman Stevens, the chief partner of Williams in the Pontiac Rail Road; a principal owner of the Pontiac Bank, and of this Merchants' Exchange Bank at Buffalo.

“The bills receivable, said to be good,” amounting to \$90,832 89 are made up in a great measure of the protested bills, acceptances and drafts of the persons giving the guaranty; and of the bills, drafts and ledger balances against the Pontiac Bank and Rail Road. These claims have been, in part, put in suit, and steps will be, and are being taken, to recover from other parties; but I am obliged to say, that only a portion, and much short of half, will ever be collected. Two thousand dollars were collected during the year.

The four debtor banks at Buffalo—the Erie County Bank, Bank of Commerce, Bank of North America, and the Merchants' Exchange

Bank, had all been placed in a position to liquidation by order of the Chancellor, laying them under injunction; but no other procedure could be had, neither against, nor in behalf of the banks, except through an agent named by law—a Receiver. For want of some one who would accept the office, no receiver had been appointed, and finding no steps could be taken to recover our claims but by such an agent, application was made to the Bank Commissioners of New York who have appointed Receivers for them, and such investigations as to the banks and the parties connected with them, as may be found necessary will be made.

“Compromise property (of the Josephs) \$285,149 60.”

At the time of the sale of bonds to the Messrs. Cohens, the Josephs of New York, by agreement with the first named house were to be equally concerned in the purchase. The Josephs failed but had received from the Cohens the half of the bonds purchased of Dr. Coe. The whole claim was adjusted in the spring of 1838, and the Messrs. Cohens after making the terms of payment for the remainder of their half of the purchase (\$65,000) were discharged from the part to be provided for by the Josephs. This distinction has not been made in former reports and the compromise property has been called the Cohens, subjecting them to the injury and mortification of having their names yet given as debtors to the amount of the compromise property.

The extent and value of this “Compromise property” will be better understood by distinguishing it in parcels, thus:

256 lots 10th and 11th Avenue, 67th and 68th streets New York.

182 lots 8th Avenue, 88th to 93th streets.

The Sperm Oil and Candle Factory at Brooklyn.

14 acres land at Poughkeepsie.

75,100 in stock of Baltimore and Ohio Rail Road.

230 shares of Canton Company, Baltimore.

“1st, 256 lots.” For the sake of order, utility and future beauty, the authorities of N. Y., took in hand the location of the Streets and Avenues, and have marked and numbered them through the property of individuals six or seven miles in advance of the compact improvements, leaving the owners the right, at pleasure to sell off property in town lots, conforming to the Avenues and Streets. The streets are graded and built upon to No 22, whilst they are numbered and marked to over one hundred. The 256 lots were laid off on a small tract of land of about 20 acres on the North River on 10th & 11th Avenues & 67th and 68th Streets, from two to three miles above the graded and improved Streets. This property was conveyed through the Josephs subject to a mortgage of \$65,000 due jointly to two individuals. The one half of this was assigned to the State by purchase, and the other half fell into the possession of the bank of the United States, and is now in process of foreclosure. The State was made a party and a reply made to the bill of foreclosure by the Fund Commissioner. The facts disclosed, will not do more than justify the Court in ordering a sale of the

property, for the joint and equal benefit of the State and of the Bank of the United States.

Believing it advisable to wait a better demand for property than force it upon the market at this time; a proposition was made to the counsel of the Bank by the States Attorney, that at a prudent period, the property should be sold for the benefit of the two parties, and that such a decree might be entered by the Court. No answer has been received from the agents and trustees of the Bank, but no doubt such will be the course pursued. The Taxes for 1838-9 and 40, have been paid, amounting to about \$250.

The 182 lots are in two locations, the most remote parcel being four miles above the improved part of the city. These lots are encumbered and were at the time of the conveyance subject to two mortgages, the one for \$12,000 the other for \$4,000. These sums are so near the value of the property, that, if in funds, I would not advise its redemption, and therefore I have not paid the taxes which have accrued since 1838. If, when these mortgages are foreclosed there should be an excess, we will get it—but that is doubtful.

The Oil and Candle Manufactory at Brooklyn, (called in political contests the Soap Factory, but with no such appendage belonging to it), is a good property, but in machinery, implements and buildings, quite too large, requiring the use of more capital than can often be procured to embark in such business. It has a good wharf and water privileges with a number of building and water lots belonging to it. It was rented when I took the place of Commissioner, until May next, at \$1,500 per year, and a lease has since been given upon the wing to another tenant at \$400 per year.

The assessments, being levies made for improving streets, for last year, were most exorbitant, amounting (subject to a discount on Treasury warrants of \$12) to \$1268, besides which the regular taxes amounted to \$254. The streets are now finished and there will not be another like assessment soon. When this property was deeded the conveyance was made with the encumbrance of a mortgage of \$35,000. From the great falling off in the market value of every description of real estate, it would now be difficult to dispose of it for the mortgage money and interest paid to perfect the title. Upon an examination, the omission to record the deed in Brooklyn was discovered but no advantage has been taken of it, and the necessary record has since been made. Titles good.

The Poughkeepsie property of 14 acres is an outlot above the town on the North river, well selected for a private residence. To complete the title of this an advance was made in payment of a mortgage of \$7,000 when it was received of the Josephs. It is now occupied as a garden, but was in grass until the last year. The expense of fence &c. last year was over \$100, and I received in rent \$126 to be seen in my account rendered. In September I sold the lot for \$6,000 payable 1st May next, of which purchase money, I subsequently realised \$570 of the purchaser, Josiah Williams, Esq.

The Baltimore and Ohio Rail Road stock was worth 32 cents to

the dollar early in the summer, but has declined to 27 to 28 in last sales.

The line of that road is complete, or in process of completion to Cumberland, its present termination, and the grading will be complete next summer. The iron for the superstructure is arriving from Liverpool, and the company expect to complete it the ensuing year. When finished the stock will likely improve, and therefore it has been thought better to hold it, than part with it at the present reduced rate; and consequently a sale, otherwise desirable, has been postponed for the present.

Upon the 230 shares of the Canton Company, Baltimore, there had been paid before it was assigned to the State, \$60, to the share making \$13,800, and upon these shares there was a call in principal and interest of about \$1,300. The market value was ranged from 24 to 27 cents. Believing it was to the interest of the State to dispose of it, rather than pay the amount of the call, and hold the stock, I made an exchange of it for \$10,000 of our liabilities, paying the party \$25,00 of a difference in accomplishing it.

“\$55,000 due from Madison Company.”

The Madison Company had an unexpired contract with the privilege of taking the Rail Road appropriation of \$400,000 which had been extended by Messrs. Stapp and Palmer through last year and up to 1st March. This item called a balance due, was in the printed list of the report of the commissioners. Seeing this stated as unpaid while the petition of Joseph H. Hendricks was before the Legislature an act was passed directing the payment of his claim; (about \$26,000) and if not otherwise done, the Fund Commissioner was directed to bring suit against the company for the money, and when recovered to pay the debt.

At Madison, on my way east, in March, I had a meeting with the company, to acquaint myself with the accounts between them and the State, in which they produced the following account of settlement with Gen. Stapp, at the foot of which was a full receipt, dated the 26th of January.

ACCOUNT No. 2.

Dr. Madison Bond Company—

To 180 State Bonds a 88,	-	-	-	\$158,400.
“ 41 do do a 88,	-	-	-	36,080
“ One year's interest,	-	-	-	9,504
				<hr/>
				\$203,984

Cr.

April 21, 1840, by amount from Binghampton

Bank,	-	-	-	\$26,000 00
Interest to 1st January, 1841.	-	-	-	1,072 50

Jan'y. 1st, 1840, By cash of Seneca Co. Bank,	2,000	00	
“ “ “ One year's interest,	120	00	
April “ “ Cash of Staten Island Bank,	10,000	00	
“ “ “ Interest to 1st Jan'y. 1841,	450	00	
June 20, 1840, By cash of Binghampton Bank,	10,000	00	
“ “ “ Interest to 1st Jan'y. 1841,	466	66	
July 1st, 1840, By cash of Staten Island Bank,	6,000	00	
“ “ “ Interest to 1st Jan'y. 1841,	180	00	
“ 20, “ “ Cash of Staten Island Bank,	2,000	00	
“ “ “ Interest to 1st Jan'y. 1841,	63	34	
Sept. 3, 1840, By cash of Binghampton Bank,	20,139	41	
“ “ “ Interest to 1st Jan'y. 1841,	402	78	
Aug. 1, 1840, By cash of Binghampton Bank,	5,000	00	
“ “ “ Interest to 1st Jan'y. 1841,	120	00	
Oct. 9, 1840, By cash of Seneca Co. Bank,	2,000	00	
“ “ “ Interest to 1st Jan'y. 1841,	24	00	
Oct. 20, 1840, By cash of Binghampton Bank,	10,000	00	
“ “ “ Interest to 1st Jan'y. 1841,	230	00	
Oct. 24, 1840, By Estimates and Drafts,			38,295 96
“ “ “ Interest to 1st Jan'y. 1841.			330 83
Jan. 1, 1841, By Charles Mallory's note (Staten Island,) - - - - -	2,500	00	
Less interest to time due, - - - - -	40	00	
			2,460 00
July 1, (“ 2 “) Staten Island Bank notes, -	20,552	99	
Less interest to time when due, 516 00			
			20,036 99
“ (“ 4 “) Danforth's acceptance, -			35,677 42
“ “ “ By estimates sec. No. 43, No. 158,	596	62	
“ “ “ do sec. 22, -	1,161	80	
			1,758 42
Less $\frac{1}{2}$ of second estimate paid in money,	387	26	
			1,371 16
By 20 Bonds (Seneca Co.) a 88, - - -	17,600	00	
“ \$1,950 in \$50 Treasury Notes, - - -	1,950	00	
“ Interest on same to 1st Jan'y. 1841, -	81	25	
“ Cash, - - - - -	8	38	
			19,639 63
			<u>\$204,084 01</u>

(Received in full 26th January, 1841, by M. Stapp.)

This settlement left nothing upon its face as a cause of action against the company, wearing the appearance, as it does, of a full payment in money; and importunate as was Mr. Hendricks for his claim to relieve his necessities and credit, I saw no means for his relief but those to be obtained from further inquiry. I was informed by the company that Gen. Stapp had acted as the agent in the sale of their bonds East, that

he had applied part of the funds credited in the account to the payment of interest in July 1840—that there were moneys in Gen. Stapp's hands due to the Rail Road fund, they having paid out to contractors more than they had received from the proceeds of their bonds.

With this information I was impressed with the belief that advances had been made from their home resources, and that Gen. Stapp had funds belonging to the company in his hands, received for bonds sold, but in this I have been since corrected.

I had a recollection that in the joint report of Messrs. Stapp and Palmer, they said they had used "*a large portion*," of the funds, received from the company in the payment of the July interest, but whether any or what available means there were for the return of the money for the purposes of the Rail Road fund, could not be determined until I should arrive at my place in New York.

I in the same interview was informed by the company that a payment was due, in the next day or two, to the contractors, of about \$40,000,—that the late Commissioner, on his way to New York, had taken some Circleville Bank paper for exchange, the proceeds to be used in the payment of the money part of the approaching estimates to contractors, but that he had informed them, by letter, of his having taken mortgages to secure the paper in place of getting an exchange. This failure in the exchange, left them as they said, without sufficient funds in the appointed payment, and not doubting the use of the Rail Road fund to other purposes, I authorized Mr. King to raise the sum needed, until it could be replaced. The payment was accordingly made from the use of 2,000 dollars of the Rail Road tolls, and by the sale of 3,000 dollars Circleville paper on hand at the Fund Commissioner's office,—being all that was provided at my instance—the balance of the cash part being supplied from funds in the hands of the company pointed out by Gen. Stapp.

At this interview they also informed me that they could not raise money to the amount of Mr. Hendricks' claim from any bonds they might take thereafter, and that they could not continue the contract with the State, if held liable for Mr. Hendricks' claim.

The legislature having just authorized the purchase of Rail Road iron, upon the presumption that the work would be finished under existing arrangements with contractors, and upon conditions yet to be complied with, by the counties mostly interested in the road,—and there being work performed and not paid for by the company, I did not hesitate to continue the contract without subjecting the company to liability for the Hendricks claim, from the bonds to be applied, for the future, in the payment of the estimates to contractors: the right of revoking it, was however, reserved to the commissioner that he might act advisedly and for the best, upon after information. That extended agreement will expire on the 1st of December.

My inquiries at New York did not lead to a knowledge of any available means with which to repay the Rail Road fund such sums as may have been diverted to other purposes, nor did any come to my

hands or knowledge from the late commissioner, and this I communicated by letter to the company and to Mr. Hendricks.

Of the Rail Road bonds in the hands of the late commissioner, he delivered eighty-nine, which, with those delivered by me, make ninety-five, in all, applied the past year to the work on the Rail Road. These at 88 cents amount to 83,600 dollars. The Rail Road tolls, (2,000,) and the proceeds of Circleville paper in all, (\$4,845 14) applied by me in March, make \$88,444 86. The company have delivered estimates and drafts for work done, to the amount of 64,000 dollars, and have left for consideration other drafts and estimates amounting to about 23,000 dollars, but on account of an injunction upon both the commissioner and the company, obtained by J. H. Hendricks, these last are held for consideration, and will not be applied to the credit of the company until warranted by future events and reflection.

A sheet with the cash account of the late commissioner was made out and presented by him whilst the Secretary was with me in New York in the month of August, and seeing an item of 39,000 dollars in \$50 Treasury notes, not delivered over, nor before spoken of by him; I enquired where they were, and was informed they were in the Savings Institution at Madison. Gen. Stapp asked if it would not be best to offer these Treasury notes to Mr. Hendricks, to which I dissented, not having ascertained to what fund they belonged. Before the subject was renewed he left the city for home, whilst I was absent. The Secretary on his return, was directed by letter, to proceed to Madison and get from Gen. Stapp the Treasury notes, and all bonds and papers he might have in his possession, belonging to the State. Of this intended errand of the Secretary, the late Commissioner was informed by a letter, addressed to him at Madison. Of the 39,000 only 2,850 dollars were returned by him to the office.

On my return in October, I was informed by the Secretary, that Gen. Stapp had left over 40,000 dollars in estimates and drafts for work performed on the Rail Road, for which he claimed a credit on the books. These drafts, I have since ascertained, were received of the Madison Company, he having given them an exchange of upwards of \$20,000, of the Treasury notes, and received the remainder of the drafts on account of moneys obtained by him for the company, at the Bank, from the Insurance Offices and Savings Institution, and from cash notes due him, &c.

In running my eye hastily through the items in the settled account of the Company, when given me at Madison in March, I saw nothing to raise a doubt of full payment having been made in money; but after receiving the various evidences of debt in the shape of bonds, obligations &c. from my predecessor in New York, I found among them two obligations of the Staten Island Bank, due May 1st and July 1st, corresponding with the item in the foregoing account called "Bank notes" for \$20,552,99. These obligations, (marked (2) in the account referred to) were printed, but could not be called "Bank notes." They were given for bonds of the company sold by Gen. Stapp, to that Bank. I found, also, that in place of an "acceptance" that had

been paid in cash, the one of Danforth for \$25,677,42 had fallen due the 1st of March, and was protested. It is marked (4) in the account, and was also given for bonds belonging to the company, sold to the Binghampton Bank. I, of course, gave my attention to these things, in common with others. The last named is worthless, and the obligors have long been notoriously insolvent.

With the Staten Island obligations, I was informed there were three mortgages assigned by the Bank as collateral security, that would be delivered to me. On all these, suits have been brought for foreclosure. During my absence home, in May, two of them were renewed in my name, and delivered in August. On the third for 16,000 dollars, (property on Long Island,) Gen. Stapp, in December last, had given five years time, receiving a mortgage on a house in the city as additional security; but the President of the Bank, in February last, came into possession of both of the latter, and assigned them to another person, in security for money. He says Gen. Stapp loaned him the mortgages, but that is denied. No delivery has been made to me. These instruments, which were to be held as collaterals, have no reference to the obligations of the Bank; nor have they clauses preventing the recovery of the money by suit. I had promises of partial, if not full payment, until September, when suit was ordered.

My confidence in the Bank and its ability to pay, is not such as now to encourage an expectation of full payment, if any; and none until it is brought by the process of the Court.

Without any explanation of the source from which he received them, and without any corresponding charge in his cash account, Gen. Stapp claims a credit for 12,000 dollars in the post notes of the Binghampton Bank, said to be in his hands. Having no such sum from the old debt due from that Bank, and not having made any sales of bonds to it on State account, I am unable to see how he could come into possession of these post notes, if not in the payment set out in the account settled with the Company. They disclaim any knowledge of them, and say the funds received by Gen. Stapp for their bonds sold East did not reach their possession, but were applied by him otherwise, and different funds paid to them. Although the credit has been claimed, the notes have not been sent to the office:—I cannot, therefore, state of what denomination they are, nor when due.

It is with regret that I connect this item with the accounts of the Company upon the presumption it rests, but a clear sense of duty forbids my passing it by unnoticed.

Since my return I have presented to the consideration of the Company for adjustment, the sums in the two items marked (2) and (4) in the account. They are not disposed to pay the money, and say the debts due from Danforth and the Staten Island Bank, were taken without holding the Company responsible in case of their non payment, that is, they were taken of the company and receipted for by Gen. Stapp without recourse.

Fully sensible of the losses already sustained by the Company, in consequence of sales made by their agent, Gen. Stapp, I regret that

it falls to my agency to further molest them; but finding nothing in the settlement acquitting the Company from liability—having no such notice or information from Gen. Stapp, verbal or otherwise—I could not, without a violation of duty and a disregard of Mr. Hendrick's rights, overlook the subject by further delay, and I therefore left the claim with an Attorney for suit. The Company expressed a preference for an arbitration, but as the defence named is purely legal, and the claim a large one; I have concluded not to take the responsibility of such a submission, when the parties, before the session of the Court can bring their defence before the Legislature.

As a conclusion to the complicated transactions between the State and the Madison Company, I have to state that a most unexpected deficiency has occurred in the Rail Road bonds prepared for the appropriation to the Road and for the fulfilment of the contract subsequently made with the Madison Company.

The appropriation was 400,000 dollars. Five per cent. bonds at 88 cents to the dollar, (being equal to six per cent. at par) were prepared by the then Commissioners, Messrs. Stapp and Scott, making 456 bonds, and were placed in the possession of the former. For a sale of these, or for so many of them as they could pay for, a contract was made with this Madison Company, as will appear from former reports. Up to the last session of the legislature, the company had paid for and received 221 bonds, leaving 235 in the hands of Gen. Stapp, which were increased to 255 by the twenty returned to him by the Company, and credited in their account. For the reasons before given, the contract that had been extended to March 1st by Messrs. Stapp and Palmer, was also extended by me. In the course of the past season 89 of the bonds in the hands of the late Commissioner have been delivered to the Company, and applied on the Rail Road. In addition to the work done for the 89 furnished *by him*, and six furnished by me, there are other estimates for work not paid; and I have been unable to obtain from the late Commissioner, any more of the bonds to deliver to the Company in compliance with the unexpired contract, which as before stated, was extended to December 1st.

The bond account would stand thus:

Rail Road Bonds in the hands of Gen. Stapp, and returned by Company to him,	-	-	-	-	-	255
Deduct—delivered to Company in June & September,						89
“ Pledged with Robinson, and sold by him with 527 named,	-	-	-	-	-	60—149
						<hr/>
Not accounted for,	-	-	-	-	-	106
But deduct also, alleged sales of Rail Road Bonds, to wit:						
To Morris Canal Company,	-	-	-	-	-	39
To Dodge,	-	-	-	-	-	12
To Circleville Bank,	-	-	-	-	-	20—71
						<hr/>
Leaving still,	-	-	-	-	-	35
of which no account is given.						

This deficiency was not dreaded until late in August or first September.* It has been productive of great inconvenience to the Company who had promised them, as well as to the contractors and their creditors; but as there was no authority of law for the substitution or issue of other bonds to fulfil the public engagement, the inconvenience, delay, and other consequences, could not be obviated.

By the provisions of a special act of the last Legislature, the Fund Commissioner was authorized to procure from the avails of the suspended debt 100,000 dollars worth of rail road iron for the superstructure of the thirty miles of the line of the Rail Road ending at Edinburg, then advanced towards completion. I was fully sensible of the importance of this further outlay of funds to render the large expenditure already made, productive and useful; but two of the counties, Jennings and Jefferson, did not comply with the condition embodied in the law, requiring the previous levy of the additional tax prescribed; and not getting notice of such compliance on their part, the Commissioner had no legal justification for proceeding in the application or exchange of any of the suspended claims for the iron.

The bonds executed in the spring by the Treasurer of State, Geo. H. Dunn, and delivered to the present Fund Commissioner, applicable to the payment of interest and to the redemption of Treasury notes, bearing even per cent. interest and due in five years, have all been returned to the Treasurer, except fifty that were interlined at two years, and left with M^cAllister & Stebbins for the acceptance of those holders of our stocks who would receive them in place of the dividend due 1st July. These interlined bonds, by agreement, were to be taken up by an exchange of two year bonds regularly engraved; for which purpose, one hundred were executed by the Treasurer, and recently transmitted to the Merchants' Bank, for delivery to M^cAllister & Stebbins in exchange for the interlined bonds, and to such holders of our stock as may continue to accept them in lieu of the July dividend.

The following schedule of bonds has been received, to wit:

From Robinson & Co. in compromise of suit,	-	\$150,000
“ E. V. Houghwout, compromise of his debt,	-	12,000
In exchange for Canton Stock,	-	10,000
Redeemed from Camman & Whitehouse part of 40 in their hands—the balance transferred to Hunt & Co.,		21,000
		<hr/> \$193,000

From these, six were applied in filling the contract for Rail Road bonds with the Madison Company, but a further compliance could not be made, as before stated, on account of a deficiency of bonds execu-

* Why the late Commissioner disposed of them whilst he was bound by a written agreement to deliver them to the Company, I know not.

ted for that purpose. The remainder (187,000 dollars) has been brought home and delivered to the Treasurer of State. The \$109,000 due from Robinson & Co. on the 1st of March, will be deposited by the day no doubt, in the Merchants' Bank, and then returned to the Treasurer of State to be cancelled.

The balance of the money borrowed last year by Gen. Stapp, and not paid by sales made of the bonds whilst on my return home in the Spring, nor by payments since, is due to Messrs. Hunt & Co., amounting to 92,000 dollars, for which they hold 246,000 dollars of the hypothecated bonds as security. They are under an agreement to continue this balance until March 1st, at ten per cent. per annum interest, and 3 per cent. commission, a little more than half the charges to which the loans were before subject. They will carry this balance over to that time, according to agreement; but if, from any cause, the bonds rapidly depreciate before March, they cannot do so, as they can only procure money so long as the bonds have value to enable them to borrow it from time to time by pledging them to others.

In July, the Secretary of the Treasury, through the Merchants' Bank, presented 68 of the bonds, which under an old sale to the Government, was for the use of the Indians. The necessities of the Indians being represented as great and urgent, I authorized Messrs. Hunt & Co. to pay the July interest, amounting to 1,700 dollars on the 68 bonds, and that item is included in the 92,000 dollars.

An account of the hypothecated bonds, sold and unsold, will be fully stated on the books of the office.

I found it necessary to have the services of the Secretary, several weeks in the City of New York, in taking up the checks or coupons, cut from our bonds and paid at the several banks selected for that purpose. Those paid at the Merchants' Bank had been entered in a book prepared for that purpose with great accuracy. But for the interests paid elsewhere, the coupons for years had remained in possession of the banks without registering. They have now been taken up and entered in proper order in a book and brought home to remain in the office for future reference. All the coupons, however, which have been paid by the necessary deposit of the money at the time when due, have not been delivered. Those payable first January last, belonging to bonds payable in New York, and owned in London have not been received from the London holders, amounting to about \$18,300 dollars, but I am informed that the funds necessary to pay them were so applied, and that the coupons will be transmitted for delivery at an early day. Besides this instance, there are coupons or interest checks cut from the bonds paid for by the deposit of money several years since, but not yet received. These instances occurred with the Morris Canal and Banking Company, and the coupons paid for are said to be in possession of the United States Bank of Pennsylvania. I am assured that they will be delivered also.

The several plates engraved for the various descriptions of stocks issued, after being polished and otherwise cleaned and prepared, were to be deposited in the trunk of the Commissioner in the vaults of the

Merchants' Bank; and no doubt they have been so delivered by the engravers. I had determined to bring them to the home office, but from their weight and liability to injury, it was thought best to place them in the safe-keeping of the bank named.

The existence of the delinquency makes it my duty to acknowledge and I do so with regret—that the account of Gen. Stapp is not closed, and that there is a deficiency not fully ascertained of about 25,000 dollars, independent of credits claimed, amounting to about 46,000 dollars, which have been rejected. This balance arises from transactions that have been reported, and enter into his accounts. The two rejected items alluded to are the obligations on the Staten Island Bank, and the acceptance of Danforth receipted for as money in his settlement with the Madison Company, for which he asks a credit as money, on the ground that he charged himself with the 55,000 dollars due in the last reports from the company, and took these debts as money. The balance of 25,000 dollars may be enlarged by further examinations, and there may be some credits that should be admitted, not yet brought forward by him, but as the account now stands, the balance arises, mainly, from data furnished by himself.

It would have afforded me pleasure to have made up the account of Gen. Stapp in his presence and with any and every explanation he might have to offer, and early in the season such was the agreement, but not finding it convenient to await my return, he left home; and, in reply to my letter on the subject, declines submitting his credits to the usual ordeal of examination by the Fund Commissioner and the Secretary.

This, however, is not the only objectionable feature in the accounts as they have been exhibited for settlement.

For the bonds given to Sherwood, Danforth & Cole, Dodge, Roop, and the Morris Canal to be pledged or otherwise disposed of to procure funds upon, and now called sales, though not so reported or acknowledged last winter, he proposes to charge himself in his account rendered; and to balance these charges he asks, among other things, the following credits, which have been decided as inadmissible: (the last mentioned being for the "Post Notes" of the Binghampton Bank, supposed to have been received in payment of the bonds of the Madison Company, sold by him to that bank,) to wit:

The check from Erie County Bank on Gallipolis Bank for	
Gallipolis paper, - - - - -	\$97,000
Danforth & Cole's bond for Circieville paper, - -	28,000
Mortgages assigned through Danforth, in March, for Circle-	
ville paper, - - - - -	15,000
Paper of the Washington County Bank, received of Dodge,	20,000
Paper of Newburyport Bank, taken for Company, -	26,400
Paper of Bank of Gallipolis, - - - - -	33,795
Obligations of the coal agent of the Morris Canal Company,	100,000
Binghampton "Post Notes," - - - - -	12,000

\$332,195

Add the two items pertaining to old sales and accounts, to wit :

Obligations of Staten Island Bank,	-	-	-	-	20,552
Danforth's acceptance,	-	-	-	-	25,677

Making the whole amount rejected,	-	-	-	<u>\$378,424</u>
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There is still another credit claimed by Gen. Stapp not thought admissible. As before related, on his return to New York, after the adjournment of the Legislature, Gen. Stapp took from Sherwood's hands the 135,000 dollars said to be due him, secured by the 490,000 dollars of bonds mentioned in Sherwood's receipt, and transferred the money with 270,000 dollars of bonds to the hands of Messrs. Hunt & Co., leaving 220 bonds in Sherwood's hands when nothing was due him. To pay the interest on the 135,000 dollars (at the rate of 20 per cent. per annum) while in Sherwood's hands, he borrowed of Hunt & Co. 5,575 dollars, (making their claim 140,575 dollars,) and paid Sherwood 3,208 dollars. I see nothing to excuse Gen. Stapp for borrowing money to pay Sherwood's interest when he was not only largely behind for the principal and interest of the old debt, but had failed to return 220,000 dollars in bonds said to be pledged to secure the money upon which the interest had accrued.

When I left my place in the City of New York to return and make the usual annual report of the proceedings of the Fund Commissioner, I did not expect a necessity for my return to that quarter, unless to pay interest, until the approach of the Spring terms of the Courts; and, in the meantime, it was my plan to finish my examinations of the claim upon the Georgia Lumber Company, and the lands in Florida and elsewhere in the South, belonging to the Companies in which the State holds the Stocks heretofore described. But the late mails have brought communications from the counsel of the State and others, of such urgent character as to make my return and personal attention unavoidable. These communications have been shown to the Executive officers, and they advise my immediate attention to the subjects named by the Attorneys and others.

This communication with the papers brought home will, it is believed, give full information of the year's proceedings, and explain the condition of every part of the large suspended debt due the State. For all that took place before my appointment, the only reference or source of information will be the books and files of the office, which are open to the Secretary or to committees of either branch of the Assembly, and can be obtained as well as if the Commissioner were present.

The abstract of bonds previously sold attached to the report of Doctor Mason, and adopted by the late Commissioner, is believed to be correct. It will, however, be re-examined and revised by the Secretary, and a new table prepared during the Session, shewing the bonds sold, of what class, when sold, and to whom; what number

have been fully paid, the number sold on credit and unpaid either in whole or in part; the amount of bonds sold by hypothecation, their numbers and description as far as can be, with the number yet pledged at the date of this report. The number and description of the bonds in the hands of the late commissioner referred to in a table found in the preceding pages can be given, but *all* not having been described in the receipts he took from brokers, nor elsewhere, cannot with precision be stated either as to numbers or class, whether sold by the brokers, or by the Commissioner. In his list made out and handed to me in August, he does not describe the bonds said to be sold to some of the parties, whilst in other instances he gives the same numbers as having been delivered to several parties.

Neither the 300 put into the hands of the Morris Canal Company in 1839 to be "used for interest," nor the 300 sent to London for "exchange" were registered—110 of the 300 were returned, with the 294 "irregular" bonds all of another class before issued, but none of which were so noted or registered. These enumerated difficulties and the transfer of a few bonds from one broker to another, will stand in the way of a correct table; but so far as the data will allow, it will be done. The original receipts from all the brokers are filed in the office.

The confinement of Doctor Mason with Fever, has, up to this time, prevented his making up his accounts; and from this cause I am obliged to omit any view of the disbursements of the year whether for repairs or otherwise. For such information, and for the amount of the work done on the Rail Road and not paid for (for want of bonds to deliver,) I must rely on the report of the State Board of Internal Improvement.

Respectfully submitted,
N. NOBLE.

FUND COMMISSIONER'S OFFICE, }
Nov. 22, 1841. }

Note. Not having received any of the bonds mentioned by Mr. Palmer, as having been executed and delivered Gen. Stapp, in the last year's report, I charged him with all of them in making up the table of bonds in his hands. I find however, that seven sterling bonds were sent from Madison to the office in September, before I returned, which will reduce the number supposed to be in his hands.

REPORT

OF THE

BOARD OF INT. IMPROVEMENT,

OF THE

STATE OF INDIANA,

DECEMBER, 1841.

OFFICE OF BOARD INTERNAL IMPROVEMENT, }
INDIANAPOLIS, Dec. 6, 1841. }

To the General Assembly of the State of Indiana:

The charge of the public works of the State, during the past season, having devolved upon the undersigned, the duty is incumbent upon them of submitting to the General Assembly a brief report in relation to this branch of the public service.

Philip Mason, having been appointed by the Governor as a member of the Board, in the place of N. Noble, appointed Fund Commissioner, the charge was assigned to him as acting commissioner of the White Water, the Central and Cross Cut Canals—the Madison and Indianapolis Rail Road, the New Albany and Vincennes Road, the Jeffersonville and Crawfordsville Road, and the Indianapolis and Lafayette Road.

To J. L. Williams, was assigned the immediate charge of the Wabash and Erie Canal, from the State Line to Terre Haute, the Erie and Michigan Canal, and the improvement of the Wabash Rapids: together with the supervision of the sale of Wabash and Erie Canal Lands, and the collection of interest thereon, &c.

For a statement more in detail of the operations on each Line, its present condition, the payments made, &c., the Board beg leave to refer to the report of the Acting Commissioners, hereto appended. The Board have had no means within their control which would enable them to make any progress in the completion of the Public Works. The leasing and bringing into use the water power, the unavoidable repairs on the several works, and their more effectual protection at exposed points, for the purpose of preventing breaches, or dilapidation in other forms: together with the adjustment of claims for damage, or for labor heretofore performed—for all which purposes the Treasury Note issue is applicable—have constituted the chief items of expenditure for which any means were provided by law; and to these subjects the attention of the Board has been chiefly directed.

The condition of Wabash and Erie Canal, the amount of land sold, &c., are fully set forth in the accompanying report of Mr. Williams. The Board have received assurances which justify the hope that the State of Ohio will afford to our citizens a perfect outlet to Lake Erie, by the 1st of August next, and our boats will probably be able to reach Defiance by the 1st of May.

In the month of May last, petitions, numerously signed by the citizens of Fountain, Park and Vigo Counties, requesting a final location of the canal from Lafayette to Terre Haute, were presented to his Excellency, the Governor, by whom they were referred to this Board. After considering the subject with the deference due to the respectable source from which it emanated, and yet with that caution which is rendered necessary by the present condition of our affairs, the following order was adopted:

“Whereas, the Board have received, through his Excellency the Governor, several petitions numerously signed by citizens of the Wabash Valley, requesting a final location of the Wabash and Erie Canal to Terre Haute, the present season: And, whereas, the Board participate fully in the desire to farther the interests of this important work by every means within their control; but under present enactments, find themselves provided with no funds whatever, applicable to the proposed survey: Therefore, it is

“*Ordered*, That said location, with a careful estimate of the cost, be made during the present season under the authority of the Board: *provided*, the expenses of the survey, as it progresses, be defrayed by the citizens, or by the Counties interested therein, and that the acting Commissioner on that line be authorized to appoint an Engineer, with the necessary assistants, for this purpose, who shall commence the survey so soon as an assurance be given, satisfactory to said Engineer and his corps, as to the payment of their compensation and expenses.”

The citizens and county authorities interested, having with great liberality contributed the necessary funds, Mr. Wm. J. Ball was appointed to make the survey, whose report and estimate of cost, when received, will be communicated to the Legislature.

The contractors for the Steamboat Lock in the Wabash River, at the Delphi dam, have continued to progress with their work; and it is now anticipated that boats may pass this lock early next Spring. There is now due the contractors about \$25,000, for which drafts have been issued, as evidences of the indebtedness of the State. The law authorizing the exchange of smaller certificates for these drafts, applies only to those issued for work done previous to the passage of that Act. The Board would respectfully recommend that the provisions of that law be extended to the work done on this Lock during the past season, making these drafts receivable for canal lands, as before. This work, it will be recollected, has been progressing under a contract entered into some three years ago, which the contractor refused to surrender.

Two of the contractors for the work near Covington, which was let in 1838, as is known, did not relinquish their contracts. During the past season a considerable amount of work has been performed on these sections, and is unpaid for, but the exact amount is not known to the Board.

In all cases where the contractor retains his contract heretofore made, the Board have had no power over the subject.

By the Report of Mr. Mason, it will be seen that a large sum has been paid for repairs on the Cross Cut Canal. This expense was necessary to secure the dam across Eel River from very great injury, if not entire loss. The Board have regretted the necessity of such expenses on works which are unfinished, but they considered it their duty, under the laws, to preserve all such structures as this from entire dilapidation.

In the last annual report, it was stated that the contractors on the Madison and Indianapolis Rail Road had refused to relinquish their contracts, but continued their operations, relying for payment upon an arrangement between them and a Company of individuals at Madison, who had previously purchased of the Fund Commissioners, the Bonds of the State, authorized by the special appropriation: and the Company, up to the date of that report, had paid to the contractors the sum of \$50,036.

This arrangement for carrying on the work to the extent of the \$400,000 appropriation, having been recognized by the Legislature, and an act having been passed providing for the prosecution of the Road, and making a further appropriation of the Iron for the track as far as Edinburg: the contractors continued their operations during the last winter and summer, and the grading and bridging is now completed to that place, with the exception of five sections of earth work, and the superstructure of three bridges, to finish which will require a further sum of about \$40,000.

The whole amount of work performed on the road of every description, up to the 31st Oct., which by law is chargeable to the special appropriation of \$400,000, including the amount due J. H. Hendricks & Son, is \$257,090—leaving a balance of the appropriation, of \$142,910. This balance will finish the grading to Edinburg, and lay down the track as far as the Iron appropriated at the last Session would extend, and leave still a surplus of about \$20,000.

The track on the inclined plane at Madison as well as from Vernon to Griffith's, in all a distance of eight miles, has been laid during the past season—making the total length of road now in operation, 28½ miles. The iron rails with much of the timber, had been delivered for some time previous, so that the cost of this extension of the track is very small in comparison with the advantages. The opening of the road from the top of the hill at Madison to the steam-boat landing, is an improvement which will have an important influence on the future business of the road. Heretofore the cost of conveyance by wagons from Madison to the depot at the head of the plane, has been nearly one-half the cost from that point to Vernon by Rail Road. Merchants in the interior urged a further objection to the Rail Road route, in the transportation of their goods, on account of the additional change of vehicle which took place at the head of the plane. This objection exists no longer, and this change with the extension of the road at the north end must add very materially to the transportation of merchandise and produce during the next year. The transportation of lumber, firewood and other bulky products of the back country to Madison which has heretofore been prevented by the difficulties at the hill, will now form a considerable item of business. The drayage up this hill has imposed a heavy tax upon the back country.

However much the Board might have deprecated the original undertaking of a work of such magnitude as the excavation of this plane, which has cost about \$275,000 they could not hesitate as to the propriety of rendering this large expenditure of some public utility as speedily as possible.

This plane is 7100 feet in length, and has an inclination of six feet in each 100 feet. The Locomotive Engine now in use on the road—an ordinary ten tun Engine, constructed by Baldwin, Vail & Huffy, of Philadelphia, has passed up and down the plane with safety, drawing up at one time seventy-five passengers. At another time, by attaching two Locomotives, 200 persons were drawn up. The time required to ascend the plane has been about seven minutes, which is at the rate of ten miles per hour. As a regular business, however, taking all kinds of weather, the inclination is probably too great for an Engine designed for ordinary grades, and, for the time being, horse power will be used, according to the original design. Messrs. Baldwin & Co. have proposed to construct an Engine adapted to this grade, which will draw up the plane fifteen tuns of freight, agreeing to insure its regular performance. The Board would recommend the acceptance of this offer.

With a view of guarding the contractors and others on this road against every possible misunderstanding as to the source on which they were to rely for payment, the Board on the 27th of May last addressed to each contractor a letter, of which the following is a copy :

“ To Contractors on the Madison and Indianapolis Rail Road :

“ Although the Board of Internal Improvements have heretofore given public notice, by their order of the 11th of August last, and by their reports to the Legislature, that contractors on the Madison and Indianapolis Rail Road are to rely on no other means of payment than such as they may have secured to themselves by their contract or arrangement heretofore made between them and the company at Madison, who purchased the Bonds of the State for this road ; yet it is deemed proper by the Board to repeat this notice, and to say in addition to each contractor that the State will be in possession of no means applicable to the contracts on this Road, except as they may be furnished by the Madison Company in payment for bonds sold them, and that for all work which may be performed, the contractors must look alone for the means of payment to their arrangement with said Company.”

The suit instituted in the Jefferson Circuit Court against Edward M. Beckwith, formerly an Engineer on the Madison and Indianapolis Rail Road, for alleged over-estimates made by him, has resulted in a judgment in favor of the State of \$17,342 12. The case has, however, been taken by the defendant's counsel to the Supreme Court, on the ground of some illegality in the proceedings.

The State has also obtained a judgment in the Marion Circuit Court of \$17,216 39 against John Carnahan, the Contractor for the Graham Fork Bridge on the Madison Road, for over-payments made to him on the false estimate of said Beckwith.

In the month of May last, Messrs. H. & R. Stewart, contractors, made application for a re-estimate of their work, on the Southern Division of the Central Canal, under the provisions of an “ Act to provide for the Settlement of Suspended Claims for Labor on the Public Works,” approved February 15, 1841. Under the requirements of law, the Board were compelled, in their appointment, to go beyond the limits of the State, inasmuch as all the Engineers residing within our borders had, before this time, been detailed for the examination of these contracts, in the previous re-measurements which had been made. On the part of the State, D. Lapham of Ohio was appointed. The contractors selected M. R. Stealy of Kentucky, and the two thus associated selected H. J. Eastin of the latter State, as a third arbitrator. From the report of these gentlemen, herewith submitted, and marked *B*, it will be seen that two of them unite in estimating and awarding a certain sum as due the contractors, while the third dissents and awards a smaller sum. The investigation not resulting in an agreement, the Board were advised by the best legal counsel they

could procure, that neither the larger nor the smaller estimate could be considered as an award in the sense contemplated by the law. Under the circumstances of the case, however, the Board supposed they would stand justified in paying the estimate of these Engineers so far as the three concurred, submitting it to the decision of the Legislature, whether the larger estimate agreed upon by the majority of this Board of Engineers shall be paid.

In considering this claim, the Legislature will have before them a mass of testimony greater than is usually collected in such cases.— Besides the regular Resident Engineer of the line, who, by the contract, was constituted the umpire in the case, seven different Engineers have examined and estimated these sections, all of whom must be placed upon an equality in respect to their disinterestedness, experience and competency for such investigations. The estimates made by these several Engineers of the total value of work performed by the Messrs. Stewarts, on the whole eight sections, ranges as follows:

Mr. Ball's estimate,	-	-	-	-	\$190,894	27
Mr. Fisher's "	-	-	-	-	189,031	51
Mr. Morris's "	-	-	-	-	189,031	51
Mr. Moore's "	-	-	-	-	189,031	51
Mr. Lapham's "	-	-	-	-	195,308	07
Mr. Stealy's "	-	-	-	-	199,808	06
Mr. Eastin's "	-	-	-	-	199,808	06

The contractors have been paid according to the estimate of Mr. Lapham, which exceeds the average of the seven estimates here given by the sum of \$2,034.

The difference between these several estimates does not result from any discrepancies in the measurements or any error in the computation, which, if they existed, would argue carelessness in the Engineers or some uncertainty in the results of science. The estimates, with little exception, were all based upon the same measurement of quantities. The main question arising here, as is very frequently the case in the practice of an Engineer, is simply a question for the judgment. Six of these sections are in high embankments, and the remaining two are in deep cuttings. When the work was suspended, these contracts were unfinished. On some sections the base of the embankments and on others the upper stratum of the excavations had been made, which are generally supposed to be the cheaper portion, when compared with the work remaining to be done; and the law, as well as the general practice in such cases, requires the work done to be paid for, not at the contract price, but at its *fair relative value*, with reference to the whole contract. The principal question, therefore, is this, How much less than the contract price per yard, if anything less, is the fair relative value of the work done?

This is a question which can be determined only by the sound discretion of the Engineer, guided by his experience in similar cases. That there should be some disagreement in the conclusion of different

persons, is to be expected. And it is this difference of judgment, together with the greater liberality on the part of some in making extra allowances, that causes the difference in the total estimates.

The charge of the Engineers engaged in this arbitration amounted to \$3000, as may be seen by their account against the State, hereto appended, marked C. On the suggestion that this charge was deemed by the Board unusually high, the Engineer appointed on the part of the State, did not insist upon its payment, and was finally settled with, at \$350, together with his expenses, making \$390 in all. Another one has proposed \$500 as his compensation, while from the third, no advices have been received since the filing of the account. The law is silent as to the payment of the expenses of these arbitrations, except in a certain contingency; and it has been a question with the Board, whether in cases of this kind, it was the intention of the Legislature that the State should pay the whole expense, or whether it should be divided between the parties, according to the general rule of arbitrations.

Messrs. Clements & Roddick, and Messrs. M'Bay & Gallagher, contractors on the Southern division of the Central Canal, and T. W. Graham, contractor on the Jeffersonville and Crawfordsville Road, also made application at a subsequent period, for an arbitration under the same law, and selected Mr. Stealy as the Engineer on their part. A difference of opinion as to the division of the costs between the parties, induced the Board to defer the appointment of an Engineer in these cases, to the present time.

The Messrs. Stewarts also applied for an arbitration of their claims under this law, on Sec. No. 1 of the New Albany and Vincennes Road, adjoining New Albany. This claim having been once fully investigated and disposed of by a Board of arbitrators, under the special "Act for the relief of R. & H. Stewart," approved Feb. 18, 1840, the Board did not feel authorized to open this case and go into a second arbitration.

Under the "Act for the relief of Eli Davis, late contractor on the Cross Cut Canal," approved Feb. 15, 1841, the Board appointed L. B. Wilson, formerly an Engineer in the service of the State, who after a personal examination of the sections, and all the circumstances having a bearing on the claim, awarded him the additional sum of \$1,793 11.

The subject of contractors' claims for extra allowance, will doubtless occupy the attention of the Legislature for some time to come, and the manner of adjusting them has become a question of some importance. The object of all must be to render equal and exact justice to those who think they are aggrieved. To frame a general law which will secure this object, and yet guard the State from the burthen of large and unjust allowances, of which she must always be in danger from the greater zeal and activity of individual interests, is a question of difficulty. The law of last Session was adopted by the Legislature as the most suitable general provision. The proceedings under it proves it to be an expensive remedy, and without some modification, it may impose unjust expenditures upon the people of the State. Would it not be more equitable to provide that the Board of Engineers, who shall revise the estimates, be appointed by the Governor? This would

accord better with the usage in public works. In the expenditure of the millions on public works, by the various states, the umpire in the settlement of the contracts, has uniformly been appointed by the State authorities; and the Engineer, to whom is thus delegated the high responsibilities of an umpire, must from the very nature of his profession, consider himself as much the guardian of the contractors' rights, as of the interests of the State. And if he suffer his sympathies to have any influence, they are sure to be with the contractor, whose position in a controversy of this kind, is viewed as that of the weaker party. By this change in the appointing power, the cost of these investigations might be brought more within the control of the State authorities. The law might be so modified as to throw the whole burthen of costs upon the State. This would seem to be right. Any other course might operate as a denial of justice to the poor man.

These remarks are respectfully submitted in view of the possible continuance of some general law similar to that now in force. Should such provision, for granting extra allowances to contractors be made, the Board beg leave to suggest that it should have a retrospective bearing, extending the same liberality to all. At the commencement of our public works, the laws prohibited all extra allowances of this kind. The Act of January 9, 1832, expressly says that "no relief or extra allowance of any kind, or in any case, shall be allowed on any contract beyond the sum stipulated therein." This prohibition was repeated in the modification Act, approved Feb. 8th, 1839, in the following words: "The Board shall make no extra allowance to contractors over and above the sum which may be estimated by the resident Engineer, as due under a fair and just construction of the contract." Those in charge of the public works in their settlements have had reference to the spirit of these enactments. In very many cases which occurred on the Wabash and Erie Canal as far back as its commencement, as well as in the earlier operations on some of the other works, the feelings of the State officers would have favored a more liberal settlement, had this not been forbidden by the general principle laid down in the laws; a departure from which, would have opened the whole subject of extra allowance to the discretion of the Engineer, with no safe restriction or guide. The recent enactments in reference to contractors' claims, indicate a change of policy on the part of the law-making power. Without venturing any suggestion as to the propriety of such change of policy, which is not within the province of the Board, justice requires that those early cases of hardship should be brought to the notice of the Legislature, in connection with those now pending. Should any general provision be adopted which contemplates a more liberal settlement with contractors than was authorized by former laws, it should embrace these early cases of hard contracts, as well as the claims of more recent origin. That the laws should be equal in their bearing upon all the citizens of the State, is a principle so just, as to receive universal sanction.

The plan of authorising suits against the State in the Circuit Courts, by contractors who may claim extra allowance, has been proposed

as a suitable remedy. If the facts could be fairly presented, no tribunal could be better qualified to make an impartial and just award, than the Courts. But it is in the facility of procuring and perpetuating testimony, that the State would not be placed on an equal footing with the contractor. This in protracted litigation, involving much detail, requires the strong incentive of individual interest. The contractor, who had been a heavy operator, (and only such would sue) would have the means of multiplying testimony and opinions as to particular points, while the State, as is generally the case, would find a reluctance on the part of those acquainted with the facts, in coming forward voluntarily to give evidence against the claimant. The only testimony of service to the State would be that of the assistant Engineers who had charge of the work during its progress; and they, perhaps, have long since left the State, or if here, feeling no personal interest in the matter, have lost all recollection of the circumstances. Without keeping up a corps of Engineers ready to attend the Courts as often as the delays of the law might render necessary, it is believed the State could not make such a defence in the Circuit Courts, as would bring the facts fairly before the Court and Jury, who of course must decide without personal examination.

It should be recollected too, that the agent of the State cannot make the preparation necessary for an efficient defence without coming in direct conflict with the strong pecuniary interest of the contractor. Experience here and elsewhere abundantly proves that in such cases the full performance of his duty by the agent of the State, will very generally result in a prejudice against himself. The agents of the State may not be disposed voluntarily, to expose themselves to this prejudice. The probability is rather that the defence, in most cases, will not be very efficient, and that the whole proceeding will be somewhat *ex parte* in its character, so far as relates to the submission of testimony. From the very nature of these claims for extra allowances, presenting generally, no questions of *law*, but merely an inquiry into the *facts*, and these facts rather *technical* or *professional* in their character, an experienced and competent Engineer, who can go to the section with the field notes, specifications and instruments in his hands, can certainly make a more equitable and just estimate than any other tribunal.

The Board have considered it their duty to refer to the subject; and to show that these views are sustained by the experience of other States, they beg leave to make the following quotations from the last report of the Board of Public Works of Ohio, to the Legislature of that State:

“The Board consider it a portion of their duty to allude in this place, to several law-suits which have at various times been authorized by former Legislatures against the State, in favor of individuals claiming to have been injured by the location and construction of the Canals and other public works, and for losses on contracts, &c. This practice of permitting suits to be brought against the State, is perhaps, at best, of doubtful policy. The Board of Public Works, or the Board of Canal Commissioners, have in every instance been first applied to for relief, and in most instances, would have granted it, when the circumstances were fresh in the recollection of the members, if any principle of legality or equity *demand*ed or would *justify* the measure. Failing in their application to the Board, the next resort is to

the Legislature, and after years of constant application, they succeed in obtaining from the *sympathy* of the members, what their *feelings of justice* would perhaps deny them. We might rely with safety upon the Courts which the Constitution and Laws provide for our protection, as individuals: but when the Sovereign Power descends from its high station, to wrangle in a Court of its own creation, its circumstances are entirely different. The evidence against the State is collected, and perhaps dictated by individuals active and energetic in their own behalf: while on the part of the State, owing to various causes, such as the removal of Engineers by death, or emigration to parts unknown, and the apathy of Attorneys, the testimony collected is meagre and unimportant. The trial must necessarily be almost an *ex parte* business, and the triumphant claimant departs with his pocket filled with what, perhaps his poor creditors, those who have been employed on his contract, have long since ceased to claim."

The Board have made settlement with Amos Clark, Superintendent of the Southern division Central Canal, and John Frazer, Superintendent on the New Albany and Vincennes Road, in conformity to the act of last winter, for the particulars of which, see the report of P. Mason, before mentioned.

The laws in relation to the organization of the Board, as well as in regard to other matters connected with the public works, have undergone so many changes, that they are now in a confused state: and the duties of the public officers are not well defined. The powers and duties of the Board of Public Works, be it organized as it may, should be more clearly specified than they now are.

A tabular statement has been prepared and is hereto appended, and marked A, which exhibits at one view the total expenditure on the public works of the State, under all the various heads, up to this date. This table has been made out from the accounts and vouchers in the Auditor's office, up to the 30th October, 1840: to which has been added the expenditure since, as nearly as can now be ascertained.

This Report was not placed in the hands of the Printer at as early a day as required by law. The sickness of one of the members of the Board, which prevented him from reaching the seat of Government until the 3d instant, it is hoped, will be viewed as a sufficient excuse.

Respectfully submitted,

PHILIP MASON,
J. L. WILLIAMS.

[Doc. to Report of Board of Internal Improvement.

November, 1841.

Repairs.	For iron for Rail Road.	For locomotives and cars.	For interest on drafts to contractors.	Total cost of each work.
153 76	\$627 37	408,854 92
803 63	1,195 75	420,679 87
583 33	2,887 22	1,099,866 66
272 56	942 71	558,685 34
150 00	2,400 79	840,662 49
.....	790 23	156,323 64
379 44	142,976 08	11,949 31	634 68	1,493,013 01
.....	402 74	72,182 41
300 00	1,962 82	654,411 56
.....	924 54	372,732 75
.....	6 80	9,538 89
942 72	142,976 08	11,949 31	12,775 65	6,086,951 54
371 46	2,041,012 26
14 18	8,127,963 80
of Instruments, &c., applicable alike to all the works,				36,564 41
.				<u>\$8,164,528 21</u>
.				\$458,257 39
.				36,564 41
Making a total of				<u>\$494,821 81</u>
.				\$40,290 40
ed to this account by the commissioners,				50,000 00
Experimental surveys on the Wabash & Erie				23,500 00
				<u>113,790 40</u>
The sum paid for construction.				<u>\$381,031 40</u>

the Legislature, and after years of constant application, they succeed in obtaining from the *sympathy* of the members, what their *feelings of justice* would perhaps deny them. We might rely with safety upon the Courts which the Constitution and Laws provide for our protection, as individuals: but when the Sovereign Power descends from its high station, to wrangle in a Court of its own creation, its circumstances are entirely different. The evidence against the State is collected, and perhaps dictated by individuals active and energetic in their own behalf: while on the part of the State, owing to various causes, such as the removal of Engineers by death, or emigration to parts unknown, and the apathy of Attorneys, the testimony collected is meagre and unimportant. The trial must necessarily be almost an *ex parte* business, and the triumphant claimant departs with his pocket filled with what, perhaps his poor creditors, those who have been employed on his contract, have long since ceased to claim."

The Board have made settlement with Amos Clark, Superintendent of the Southern division Central Canal, and John Frazer, Superintendent on the New Albany and Vincennes Road, in conformity to the act of last winter, for the particulars of which, see the report of P. Mason, before mentioned.

The laws in relation to the organization of the Board, as well as in regard to other matters connected with the public works, have undergone so many changes, that they are now in a confused state: and the duties of the public officers are not well defined. The powers and duties of the Board of Public Works, be it organized as it may, should be more clearly specified than they now are.

A tabular statement has been prepared and is hereto appended, and marked A, which exhibits at one view the total expenditure on the public works of the State, under all the various heads, up to this date. This table has been made out from the accounts and vouchers in the Auditor's office, up to the 30th October, 1840: to which has been added the expenditure since, as nearly as can now be ascertained.

This Report was not placed in the hands of the Printer at as early a day as required by law. The sickness of one of the members of the Board, which prevented him from reaching the seat of Government until the 3d instant, it is hoped, will be viewed as a sufficient excuse.

Respectfully submitted,

PHILIP MASON,
J. L. WILLIAMS.

STATEMENT A,

[Doc. to Report of Board of Internal Improvement.

Exhibiting the Expenditures for Internal Improvement up to the 30th November, 1841.

NAME OF THE WORK.	For construction of the public works.	For contingencies of construction.	For water-power sites, for damages, for the right of way, and for materials.	For damages to contractors for suspending work.	For repairs.	For iron for Rail Road.	For locomotives and cars.	For interest on drafts to contractors.	Total cost of each work.
Wabash Canal west of Tippecanoe, - - - - -	\$350,071 07	\$14,875 38	\$37,075 34	\$52 00	6,153 76	.....	.....	\$627 37	408,854 92
Cross Cut Canal, from Wabash to Eel river, - - - - -	365,857 57	25,087 59	6,299 03	13,436 30	8,303 63	.....	.....	1,195 75	420,679 87
White Water Canal, - - - - -	1,006,115 07	41,895 87	5,447 00	39,938 17	3,583 33	.....	.....	2,887 22	1,099,866 66
Central Canal, south of the mouth of Eel, - - - - -	516,506 51	31,354 74	100 00	9,508 82	272 56	.....	.....	942 71	558,685 34
Central Canal, north of do do - - - - -	760,192 54	42,742 38	9,030 88	24,845 90	1,450 00	.....	.....	2,400 79	840,662 49
Erie and Michigan Canal, - - - - -	115,733 52	27,587 86	504 75	11,707 28	.....	.....	.....	790 23	156,323 64
Madison and Indianapolis Rail Road, - - - - -	1,269,672 37	61,772 62	2,628 51	.....	3,379 44	142,976 08	11,949 31	634 68	1,493,013 01
Indianapolis and Lafayette Rail Road, - - - - -	60,807 56	10,972 11	.....	.....	.....	.....	.....	402 74	72,182 41
New Albany and Vincennes Road, - - - - -	604,702 64	40,394 36	.....	6,051 74	1,300 00	.....	.....	1,962 82	634,411 56
Jeffersonville and Crawfordsville Road, - - - - -	324,981 28	38,677 65	100 00	8,049 28	.....	.....	.....	924 54	372,732 75
Grand Rapids Wabash River, - - - - -	3,461 07	3,571 02	.....	2,500 00	.....	.....	.....	6 80	9,538 89
Wabash and Erie Canal east of Tippecanoe, - - - - -	5,378,101 20	338,931 58	61,185 51	116,089 49	24,942 72	142,976 08	11,949 31	12,775 65	6,086,951 54
	1,854,036 59	119,325 81	16,778 49	.....	50,871 46	.....	.....	.....	2,041,012 26
Total,	7,232,137 79	456,257 39	77,963 91	116,089 49	75,314 18	.....	.....	.....	8,127,963 80
Add general contingent expenses of Board of Int. Impr., including the purchase of Instruments, &c., applicable alike to all the works,									36,564 41
Total expenditure on all the works up to this date,									\$8,164,528 21
NOTE.—The total in the column of contingencies of construction, including the Wabash and Erie Canal is,									\$458,257 39
To which add general contingencies,									36,564 41
Making a total of									\$494,821 81
From which deduct for preliminary surveys, of the various routes surveyed in 1835,									\$40,290 40
Also, deduct for damages for purchase of ground for State purposes, on the canals and roads, and for locomotives, cars, &c., improperly charged to this account by the commissioners,									50,000 00
Also for expenses of Canal Land office for 10 years, including half the salary of the acting commissioner and for expenses of selecting lands, experimental surveys on the Wabash & Erie Canal, damages, &c., improperly placed in this column,									23,500 00
									113,790 40
Total expenditure properly chargeable to the superintendence and other contingent expenses of construction, which is 5½ per cent. on the sum paid for construction.									\$381,031 40

(To follow page 62.)



B

State of Indiana, Daviess County, ss :

H. & R. Stewart
vs.
 The State of Indiana.

}

In Arbitrament.

The undersigned, engineers, being duly appointed under the provisions of an Act of the General Assembly of the State of Indiana, entitled "An Act to provide for the Settlement of Suspended Claims for Labor on the Public Works," approved February 15, 1841, to wit: Darius Lapham, of Cincinnati, Ohio, selected by the Board of Internal Improvement; M. R. Stealey, of Frankfort, Kentucky, selected by the Messrs. Stewarts; and H. J. Eastin, from Green River, Kentucky, selected by the two persons above chosen—met on the 2d day of June, 1841, at Princeton, in Gibson county, Indiana, and were duly qualified according to law, as appears by the certificate of E. M'Culloch, Esq., hereunto annexed. Messrs. Stewarts then filed their claims against the State of Indiana, for work and materials on sections Nos. 69 and 70, (Pigeon summits) and on sections Nos. 120 to 125, inclusive, (White River embankments) on the southern division of the Central Canal, also annexed and marked A. Dr. Philip Mason, Acting Commissioner on the part of the State, laid before the undersigned the several contracts, and the estimates and final accounts of the several engineers who have heretofore investigated the subject matter in dispute. After having made all the necessary measurements and examinations of the several sections specified in the claim; (except section No. 1 of the New Albany and Vincennes Road, of which the undersigned had no cognizance) they met at Washington, in Daviess county, and proceeded to investigate said claims in accordance with the provisions of the aforesaid law, and the principles contained in a "Joint Resolution of the General Assembly of the State of Indiana in relation to Contractors and others engaged on the Public Works," approved December 21, 1839 and do now make the following final estimate and award between the parties above named, to wit: The said M. R. Stealy and H. J. Eastin (the said D. Lapham not concurring) do award and determine that the State of Indiana is justly owing to the said H. & R. Stewart the balance which may be found by deducting the sums heretofore paid them by the State from the following accounts, together with the interest which may accrue on said balance from and after the date of the last estimate made by C. G. Vorhies on said sections, viz:

Final estimate on Sections 120 to 125, both inclusive.

Grubbing and clearing 147 chains, <i>a</i> \$20,	-	-	\$2,940 00
do. do. extra,	-	-	487 87
Net embankment, 521,110 yards, <i>a</i> 23,	-	-	119,855 30
Allowance for washing down and spreading of do. previous to measurement of 1840, as above, 7,444 yards, <i>a</i> 23,	-	-	1,712 12
Excavation, 8,655 yards, <i>a</i> 23,	-	-	1,990 65
			<hr/>
			\$126,985 94
Deduct relative value on tow-path and berm bank, yet to be made, 76,648 yards, <i>a</i> 1 cent,	-	-	766 48
			<hr/>
Total value of work done,	-	-	\$126,219 46
Deduct amount of payments on do.,	-	-	120,294 83
			<hr/>
Balance due with interest, as aforesaid,	-	-	<u>\$5,924 63</u>

Final estimate on Sections Nos. 69 and 70, Pigeon summit.

Grubbing and clearing, 167 chains, <i>a</i> \$15,	-	-	\$2,505 00
" " extra,	-	-	203 69
Excavation, 260,490 yards, <i>a</i> 27,	-	-	70,332 30
" in ditches, 609 yards, <i>a</i> 27,	-	-	164 43
Extra allowance on 18,106 yards, hard material, <i>a</i> 3 cents,	-	-	543 18
			<hr/>
			\$73,748 60
Deduct for relative value on unfinished portion,	-	-	160 00
			<hr/>
Total value of work done,	-	-	\$73,588 60
Deduct amount of payments on do.,	-	-	68,736 68
			<hr/>
Balance due, with interest as aforesaid,	-	-	<u>\$4,851 92</u>

M. R. STEALEY,
HENRY J. EASTIN.

The undersigned, engineer, selected by the Board of Internal Improvement, doth hereby dissent from so much of the foregoing estimates and award made by Messrs. Stealy and Eastin as differs from the following estimate, viz:

Estimate and award of D. Lapham on the foregoing claims on sections Nos. 120 to 125, White River embankments :

Grubbing and clearing 147 chains, <i>a</i> \$20,	-	-	\$2,940 00
do. do. extra,	-	-	277 00
Excavation, 8,655 c yards, <i>a</i> 23,	-	-	1,990 65
Embankment, 521,110 yards, <i>a</i> 22½	-	-	116,381 23
“ washed away, 4,770 yards, <i>a</i> 23,	-	-	1,097 10
<hr/>			
Total value of work done,	-	-	\$122,685 98
Deduct amount of payments made,	-	-	120,294 83
<hr/>			
Balance due with interest,	-	-	\$2,391 15
<hr/>			

Final estimate on sections 69 and 70, Pigeon summit.

Grubbing and clearing, 167 chains, <i>a</i> \$15,	-	-	\$2,505 00
Excavation, 260,490 yards, <i>a</i> 26½,	-	-	69,681 07
“ ditches, 609 yards, <i>a</i> 27,	-	-	164 43
Extra allowance, 18,106 yards, <i>a</i> 1½,	-	-	271 59
<hr/>			
Total value of work done,	-	-	\$72,622 09
Deduct amount of payments on do.,	-	-	68,736 68
<hr/>			
Balance due, with interest,	-	-	\$3,885 41
<hr/>			

DARIUS LAPHAM.

TO THE BOARD OF INTERNAL IMPROVEMENT.
Washington, Indiana, June 4, 1841.

C

THE STATE OF INDIANA,

To D. LAPHAM, M. R. STEALEY & H. J. EASTIN,
Civil Engineers, Dr.

For professional services and expenses incurred in an arbitration and re-measurement of sections Nos. 69 & 70, and sections Nos. 120 to 125, both inclusive, on the Southern Division of the Central Canal.
H. & R. Stewart, Contractors, viz :

To D. Lapham,	-	-	\$1,000
To M. R. Stealey,	-	-	1,000
To H. J. Eastin,	-	-	1,000——\$3,000

Louisville, June 7th, 1841.

P. MASON'S REPORT.

INDIANAPOLIS, Dec. 8th, 1841.

To the State Board of Internal Improvements:

In consequence of sickness on the part of myself, and the diversified nature of my duties, I have not been able to make my report until now. This delay, though unavoidable, I have regretted: as promptitude in a public officer is all important to the faithful discharge of the trusts confided to him.

Below is a brief statement of the operations on the several works, submitted to my care by the Board.

WHITE WATER CANAL.

The operations on the finished portion of this line have been confined to keeping it in good navigable order. In the early part of the season the water was drawn off that portion below Harrison, for the purpose of removing several bars that had formed in it, and of taking out a slip which came in immediately below the Jameson Creek Aqueduct. The slip here spoken of has been gradually coming into the Canal since its first construction, but it is now believed to have nearly, if not entirely stopped.

At the head of the pool, of Dam No. 2, four miles below Brookville, a large deposit of mud has been made, immediately in the boat channel. This was so great as to impede, to a considerable extent, the passage of loaded boats in low water; and it was found necessary to remove it, or to open a channel through it: and in order to prevent it from again forming, a crib of timber, filled with stone, about 200 feet long has been put in, extending from the point of land down to the deep water. This has been so constructed as to make the channel at its lower end about 40 feet wide, in order to create a current in the water discharged from the canal, which it is thought will wash out any deposit that may be made there hereafter.

The whole line is in very good repair, and the navigation on it has been uninterrupted (except for a short time when the water was out) since February last. The receipts from tolls have been very considerably increased this year, as will be seen below, and together with the water rents, have been fully equal to all the ordinary repairs.

There is now in operation on this Canal, the following Mills, viz:

At Harrison, one Grist Mill, with 4 run of stones.

“ “ “ “ “ 2 “ “

“ “ one Saw Mill, with 1 Saw.

At Lawrenceburgh, one Grist Mill, with 4 run of stones.

“ “ one Saw Mill, with 2 Saws.

It may be proper in this connection to say that John Godley, the owner of the mill at Harrison, having four run of stones, finds that he has contracted with the State for more power than he can use, particularly since another Mill has gone into operation at Harrison beside him. I would therefore recommend to the Legislature, when he applies, as he will at the present session, to release him from two powers, as it is certainly not the policy of the State rigidly to adhere to a contract of this kind, where it is plain the individual has been mistaken in the amount of power he could use.

It is expected that by the first of May next, the Cincinnati Branch Canal, connecting with this Canal near Harrison, will be opened for navigation to Cincinnati, at which time a large increase of business may reasonably be expected on the upper portion of this line. It will then become necessary to have a collector of tolls at the junction, and a collector's office will be necessary. When this is done, it will also be advisable to put gates on the road, and a Towing Path bridge across the river at that point, by which means a considerable amount of tolls may be taken from the travel on the bridge; and at the same time the bridge itself will be much less liable to be injured by rapid and improper travelling over it.

The portion of this line extending from Brookville to the feeder Dam, near Laurel, remains as it was left in the Fall of 1839. There is a great amount of mechanical work on this part of the line which is sustaining very great injury, and will, if left much longer in its present unfinished state, be entirely destroyed. The floors of those Locks that are dry have been covered with earth, with a view to retard, in some measure, the rapid decay. The contractors on this division, with two exceptions, still retain their contracts.

On that part of the line extending from Laurel to Cambridge City, the greater part of all the contracts has been relinquished by the contractors during the past season, and damages awarded them. Nearly all the contracts which have been prosecuted on this portion of the line, embrace more or less mechanical work: and a large amount of materials has been delivered on the sections, which are going rapidly to decay.

It will be seen by reference to the reports of last session, (see Documentary Journal, page 281) that the value of perishable structures and materials on the unfinished portion of this line, is \$84,903 43. There is no work in the State on which there is so large an amount as on this: if, therefore, any thing is ever to be done with this Canal, it should be done quickly: otherwise the loss of this whole amount will be sustained.

The following payments have been made on this line by me:

For construction,	\$18,00
For repairs, including salary of Superintendent,	3,583,33
For damages to Contractors,	3,947,73
For damages for right of way,	1,549,00
For contingencies, pay of arbitrators, &c.,	243,50

Total,

\$9,341 56

There has been received for tolls from the 31st Oct., 1840, to the 31st Oct., 1841 inclusive, the sum of	\$1,930 23
From which deduct, on account of salary of Collectors, and for Stationary, the sum of	202 34
	<hr/>
Net amount of receipts,	\$1,727 89
There will probably be received within the same time, for Water Rents,	\$1,500 00
	<hr/>
Total amount of receipts,	\$3,430 23
The amount paid by my predecessor, for damages and repairs, between the 31st of Oct., 1840, and 1st March, 1841, is not in my possession, and is not included.	

NORTHERN DIVISION CENTRAL CANAL.

The contracts upon this line having been principally relinquished last year, but little remained to be done on it the past season. There has however been one or two more relinquishments of contracts and arbitration.

On this division of Canal, a considerable amount of perishable materials has been delivered, which are now going to waste rapidly.

I have made the following payments on this division, viz:

For damages to Contractors,	\$708 86
For pay of Arbitrators,	6 00
	<hr/>
Total,	\$714 86

CENTRAL DIVISION CENTRAL CANAL.

On the finished portion of this division, which includes that part of it between Broad Ripple and Indianapolis, a considerable amount has been expended for repairs—principally at the Bluffs—which was rendered necessary in order to supply the Mills at Indianapolis with water.

The following machinery is in operation on this division, viz:

At Indianapolis—Two Paper Mills, one Grist Mill with four run of stones, a Carding Machine, and one one Saw Mill with two Saws.

At West's—One Cotton and Woolen Factory.

At the Feeder Dam—One Saw Mill.

On that part of this division extending from Indianapolis to the pool of the Feeder Dam at Port Royal, nothing has been done the past season. This portion is nearly completed, requiring, as will be seen on reference to the reports of last year, only \$18,000 to render it navigable. There is on it a considerable amount of mechanical structures, mostly of wood, which are rapidly going to decay: and unless the Canal be soon finished and filled with water, they will be a total loss.

The Dam at Port Royal is in good repair. There is in operation at this point, two Saw Mills, and a Grist Mill with four run of stones.

The contracts on the line between Port Royal and Martinsville having been relinquished last year, nothing has been done on it during the past season.

Payments have been made on this division by me, as follows, viz:

For damages to land,	\$900 00
For contingencies, costs in appeal cases, &c.,	97 70
Total,	<hr/> \$997 70

SOUTHERN DIVISION CENTRAL CANAL.

That part of this division extending from Evansville to the Pigeon Creek Feeder, is finished and navigable. It was transferred from the charge of the late Superintendent to the care of the Board, by a special act of last session, and placed by the Board under the charge of a Superintendent, whose report shows that no business has been done on this portion, owing principally to the want of water. The amount expended for repairs, including pay to Superintendent, is \$154 50.

The unfinished part of this division, embracing the heavy work on the Pidgeon and Patoka summits, and the Patoka and White river embankments, remains as it was last year. Like all other of the unfinished works, it is in a state of dilapidation.

Payments have been made by me on this division as follows:

For Construction, to H. & R. Stewart,	\$6,276 56
For Repairs, to Amos Clark, late Superintendent, (including salary,)	368 56
For Contingencies, pay of Engineers in arbitration,	390 00
Total,	<hr/> \$7,035 12

CROSS CUT CANAL.

On this line, the contracts were principally relinquished last year, leaving but little to do upon it the past season, except the settlement of some claims for damages, and the completion of the repairs of the Feeder Dam on Eel River. It was not until early in June that I was enabled to visit this Dam, at which time I was accompanied by T. A. Morris, Engineer on the Madison Railroad. At that time it was ascertained by an estimate, that an expenditure of about \$5000 was still necessary to render the Dam secure. Taking into consideration the great cost of the Dam, together with the previous expenditure for repairs, it was deemed advisable to make this further expenditure: since which time, the work has been completed, and finally settled for. It is now believed to be perfectly secure.

I have made the following payments on this line, up to the 31st October.

For repairs,	\$6,254 63
For damages to lands,	1,573 00
For contingencies,	211 00
Total,	<hr/> \$8,038 63

NOTE.—The amount paid on this line by my predecessor during the past year, for damages and repairs, is not in my possession, and is not, therefore, included.

NEW ALBANY AND VINCENNES MADAMIZED ROAD.

This road was transferred from the charge of the late Superintendent to the Board, by a special act of the last Legislature. From the number of communications received from persons interested in this road, as to its situation, I was induced to visit it at an early period after my appointment, accompanied by H. C. Moore, Engineer, and Superintendent from the White Water Canal. We found the road in a condition that demanded immediate repairs, and measures were accordingly taken to effect that object. The road has continued under my superintendence, assisted by Mr. Moore, till September last, when William F. F. Thompson was appointed Superintendent, at a salary of \$150 per annum.

All the tolls received on the road have been applied to the liquidation of claims for which they were pledged by Mr. Frazier, late Superintendent.

The following is the amount of tolls received on this road from the 10th of October, 1840, when the gates were closed, to the 31st October, 1841, exclusive of salaries of toll collectors :

Amount received by John Frazier, late Superintendent,	
from 10th October, 1840 to 10th April, 1841, -	\$2,454 80
Amount received from 10th April to 31st October last, -	2,055 12
Total, - - - - -	<hr/> \$4,509 92
Add the salaries of toll collectors, - - - - -	1,250 00
Total receipts, - - - - -	<hr/> <hr/> \$5,759 00

The following expenditures have been made since the 1st day of April last, the expense within the past fiscal year prior to that period cannot be accurately given, but must have amounted to a considerable sum :

For construction, (finishing sec. 8) - - - - -	\$998 00
For repairs, - - - - -	1,300 00
For contingencies, - - - - -	15 00
Total, - - - - -	<hr/> <hr/> \$2,313 00

JEFFERSONVILLE AND CRAWFORDSVILLE ROAD.

On that part of this road north of Greencastle, the contracts having been relinquished last year, nothing has since been done.

On the part south of Salem, a few cases of damages that were un-

adjusted, have been settled during the past season. The following payments have been made by me on this part of the road :

For damages to contractors,	-	-	-	-	-	\$466 09
For damages to lands,	-	-	-	-	-	100 00
For pay of arbitrators,	-	-	-	-	-	24 00
Total,	-	-	-	-	-	<u>\$590 09</u>

NOTE.—Not being in possession of the amount paid by my predecessor for damages, within the year, that amount is not given.

INDIANAPOLIS AND LAFAYETTE ROAD, NORTH OF CRAWFORDSVILLE.

Nothing having been done on this Road the past season, it remains as reported last year.

MADISON AND INDIANAPOLIS RAILROAD.

On the finished part of this road, the cars have continued to run every day during the past year. A table, showing the amount of tolls received, the number of passengers transported, and amount and principal kinds of freight, will be found below marked A.

On the unfinished part of this road, a considerable amount of work has been done the past season, as may be seen by the payments herein given.

That part of the road from the steam-boat landing at Madison to the depot on the hill, has been finished, and a portion of the road west of Vernon to Griffith's, and temporary fixtures for reception of freight at this point, have been erected, and proper arrangements made for the accommodation of passengers.

Cars now run from the landing at Madison to the termination of the road, six miles west of Vernon making the whole distance twenty-eight and a half miles.

The expense of running the trains is considerable, compared with the distance and the amount of freight transported; but when we reflect, the shortness of the distance and the termination heretofore (of the road) at a town having but a limited trade, (a wagonage from the depot at Madison) it is not to be wondered that so large a portion of the business of the country continued to be done by wagons.

The expense of running the train to Edinburg would not be materially increased, as a trip to that place could be made daily, as has been done to Vernon, which has been found wholly sufficient for the business of the road, while the expense of running the train to Edinburg would not be increased but a trifle; the amount of business to

be done on the road would at least be increased fourfold. The importance of extending this work to the point before mentioned, is so obvious that comment seems unnecessary.

A

A STATEMENT, Exhibiting the amount of Tolls collected on the Madison and Indianapolis Railroad, from the 1st of November, 1840, to the 31st Oct. 1841, inclusive—showing the number of, and amount received from passengers, together with the quantity of merchandise, and principal articles of produce transported thereon.

Received from	6,815	Passengers outward bound,		
"	"	6,214	do inward bound,	\$ 8,075 10
"	"	2,027,491	lbs. merchandise outward bound,	
"	"	2,652	Barrels salt,	
"	"	566,564	lbs. merchandise inward bound,	4,557 01
"	"	2,479	Barrels Flour	
"	"	377	do Whiskey	
"	"	520	do Pork	
"	"	1,251	Kegs Lard,	
"	"	2,377	Bushels Grain,	
"	"	2,385	" Bran & shorts	
"	"	8,062	Hogs,	
"	"	185	Cords Wood	
"	"	119,221	Feet Lumber	3,453 21
Received from carrying the mail four months,				124 60

Total receipts from all sources,	\$16,209 92
Expenses incident to running the cars, including machine shop, car-wheels, building cars, &c. - - -	9,356 74
Total net receipts,	\$6,853 18

Drafts on account of construction within the past year have been given to this amount, - - -	\$214,985 34
The expense chargeable to repairs of track on the finished part of the road, including salary of superintendent,	2,512 12
And there has been expended the further sum for materials designed for repairs, - - - - -	1,236 04

In order to carry out the seeming intention of the last legislature in regard to the Madison Road, by permitting the work to go on, and the further appropriation under certain conditions, of one hundred thousand dollars of Railroad iron, it was necessary to continue in the public service a sufficient number of Engineers to ensure a faithful compliance on the part of the contractors with their contracts, and a permanent construction of the work, T. A. Morris was retained as Resident Engineer and R. M. Patterson as assistant, with such assistance from time to time, by the employ of rodmen, chainmen and axmen, as was necessary;—the former at a salary of \$1,500 00 per annum, including his

pay as superintendent on Central Division, Central Canal, and the finished portion of the Madison Road, the latter (Mr. Patterson) at a salary of \$900 00;—as is known to the Board, these prices were as low as the services of those men could be had, and others could not be procured cheaper to supply their places.

L. B. Wilson, late Engineer on the public works, was employed about three weeks in superintending and finally estimating the work at the feeder dam on Eel river.

The undersigned would suggest to the legislature as well as the Board, that a contract was made by my predecessor, as may be seen by referring to former reports, with P. James to exchange certain lots of ground at Lawrenceburgh, which contract was made as well for the interest of the State as the individual with whom the contract was made; the ground contracted to be exchanged by the State is situated at the point on the second bench, the first location of the basin, and was designed to be used in using the water power at that point. The land to be received by the State in exchange, is situated between the Ohio river and the basin of the canal, and is requisite to the use of the water power.

It is believed that no power exists either in the Board or the Acting Commissioner to make the proper conveyance on the part of the State to the land intended to be conveyed, and the other party refuses to convey until sufficient titles are executed to him. It is therefore recommended that an act be passed authorising some person to make such conveyance, as under the act of last session of the legislature, no further water power can be leased at this point until the State has a title to said land.

A purchase of water-proof lime or cement was made by some former agent of the State, and there remained on hand in storage, at the city of Louisville, Ky., last spring, eleven hundred barrels, at a cost of fifty dollars per annum. An effort was made, without the authority of law, by the undersigned to dispose of the article for a fair price, without effect, and it was continued on storage, except one hundred barrels, which were shipped to a house in Madison to be sold, a large portion of which has since been disposed of, but no settlement has been made or money paid over to me. There are also about twenty barrels of this cement on storage at Brookville, on the White Water Canal. It will be for the legislature to determine what shall be done with the funds arising from the cement sold, and what disposition shall be made of that on hand. One years' storage will become due on the first day of June next, and some disposition should be made of this article prior to that period, as it is of a perishable nature, and liable by exposure to a total loss.

The Board are apprised as well as the Legislature, that no power by law is vested either in the Board or Acting Commissioner to sell or otherwise dispose of any materials procured for any of the public works.

The various instruments, books and office furniture, employed in

the public service connected with Internal Improvements, have been collected, as far as possible, without incurring too large an expenditure.

Those on the White Water Canal are in an office at Connersville, under the care of H. C. Moore, superintendent on that line. Those used on the Madison road as well as many others, may be found at Madison, Scipio, and in the building on the Governor's Circle in the town of Indianapolis. Those on the Cross Cut Canal in the upper story of a store room at Terre Haute, and not under the special care of any person. There are also in the hands of J. A. Graham at Jasper, blankets and sundry articles of camp equipage, a compass and Level in the hands of Sam'l C. Bradford, superintendent of the Southern Division Central Canal, and a level in the hands of John Frazer, late superintendent of the New Albany and Vincennes Road.

All of which is respectfully submitted for the consideration of the Board.

PHILIP MASON.

J. L. WILLIAMS' REPORT.

INDIANAPOLIS, *November 27, 1841.*

To the Board of Internal Improvement :

The undersigned submits the following statement as his annual report in relation to the

WABASH AND ERIE CANAL.

During the season of navigation, boats have continued to run from Lafayette to the State line with but little interruption.— Early in the Spring a heavy breach occurred in the bank at Birmingham Bluff, which was very soon repaired. Another smaller breach took place near Wabash-Town. With these exceptions, no breaches have occurred worthy of notice.

The gross receipts of tolls for the entire year up to the close of navigation will amount to about \$5,300. The total rent for the water power leased up to this time on the whole line, will amount to \$5,000 annually at the prices stipulated in the contracts.

Until an uninterrupted connection is formed with the Lake, very little business can be expected.

In my last annual report several additional items of work were suggested as necessary to the safety of the canal, and which should be done before the canal could be considered fully completed, which were estimated in the aggregate at \$57,375. The most of this work has been performed, some of it by contract, and other parts of it by the Superintendents.

The embankments at the Birmingham Bluff for a distance of over a mile has been protected with stone brought by the canal, at a total cost of about \$14,000, which is less than the estimate reported last year.

The raising and strengthening the banks of the St. Joseph Feeder, with a view to filling the Ohio reservoir has been chiefly accomplished at a cost of near \$9,000, which is considerably less than the estimate of last year.

The submerging of the thirty-six wooden culverts to prevent their decay, which was recommended in last report, has been accomplished at a cost of about \$2,000. These expenditures cannot be classed

with ordinary repairs, though they seemed to be indispensable to the safety of the canal.

The building of the tow-path bridge at Carrolton has been deferred for the present, though its construction will be necessary in the course of a few years. With the business that may be expected at the commencement, the boats can cross the river without a bridge.

Side cut canals, for the purpose of water power at the Delphi dam, have also been constructed as required by law, and a portion of the water power on the west side of the river, has been leased, and the machinery nearly ready to operate.

The superintendence of these various items of work, widely scattered as they are, together with the Steam-boat Lock at the dam just named, required the continuation of Mr. Fisher, Resident Engineer, during the greater portion of the time. When actually employed he has been allowed a per diem compensation amounting to \$786 during the year. During a part of the season it has been necessary to employ an assistant.

At the date of the last report, there were outstanding drafts drawn on the Fund Commissioners, for work done in the construction of the Canal to the amount of \$86,587: which sum was afterwards increased by the completion of the unfinished sections, and by payments for work on the Steam boat Lock, to \$93,127 18. Under a law of last session, authority was given to take in these drafts when presented, and give in exchange therefor, smaller drafts or certificates, bearing interest from the date of the original drafts, and made receivable for Canal Lands. Most of these drafts have been taken in, and in lieu thereof, Canal Land certificates, (or Scrip, as it is generally called) mostly of the denomination of ten dollars, have been issued, bearing interest from the 5th Nov., 1840, and made receivable in the purchase of Canal Lands or in payment of the debt now due for lands, except the annual payment of interest. Of this debt thus created, \$32,355 64 has been received at the Land office in payment for lands, up to the 18th instant, and cancelled, leaving still outstanding the sum of \$60,771 54.

As the law now stands, this Scrip is receivable only for the principal in the purchase of Canal Lands. For the annual payment of interest on the sum due the State, bankable money is still required. Under existing circumstances, it is difficult to perceive the propriety of this distinction. If the Legislature should see proper to make it receivable for all payments on Canal Lands, the measure, it appears to me, would be but a just and reasonable one.

Within the past year ending 18th instant, sales of Canal Lands have been made at private entry, as follows:

Of the first class,	0,000 00 acres at	\$7,	amounting to	\$00,000 00
“ second	“ 2,477 48	“ “ 5,	“ “	12,387 40
“ third	“ 5,831 73	“ “ 3,	“ “	17,495 19

Aggregate sale of 8,309 21 acres, for the gross sum of \$29,882 59

On these sales there has been received in part payment of principal,	-	-	-	-	\$9,861 39
And on the sales of last year there has been received for the second payment of the principal,	-	-	-	-	20,059 32
And for full and partial payments on former sales of Lands belonging to first selection,	-	-	-	-	9,465 17

Total receipts of the office for the year, exclusive of Interest, - - - - - \$39,385 88

The greater portion of which it will be seen, has been received in the Canal Scrip, and has thus been applied in diminishing the outstanding debt incurred for the construction of the Canal.

The total sum now due the State for Wabash and Erie Canal Lands, embracing all which have been sold from the commencement of the sales in 1830 to the 18th instant, amounts to \$400,986 16: on which sum interest is due the State annually, at the rate of six per cent.

On the 18th instant, there remained unsold of the Lands belonging to the Wabash and Erie Canal grant, East of Tippecanoe, (not including the selection made last year, and not yet confirmed by Congress, in lieu of the Indian Reserves in the Canal tier of sections,) as follows, to wit:

Of first class,	1,326 21	acres,	valued at \$7 per acre,	\$9,283 47
Of second "	9,525 60	"	" " " 5 " "	47,628 00
Of third "	19,089 48	"	" " " 3 " "	57,268 44

Total,	29,941 29	\$114,179 91
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Since the adjournment of the Legislature, the Lands selected for the extension of the Canal from Tippecanoe to Terre Haute, amounting to 294,699 acres, have been confirmed to the State. They are situated as follows:

In Fountain County,	-	-	-	-	80 00	acres.
In Vermillion "	-	-	-	-	3,167 95	"
In Park "	-	-	-	-	1,630 90	"
In Vigo "	-	-	-	-	1,845 08	"
In Miami "	-	-	-	-	13,331 60	"
In Fulton "	-	-	-	-	22,744 66	"
In Marshall "	-	-	-	-	26,365 25	"
In Kosciusko "	-	-	-	-	20,467 47	"
In Noble "	-	-	-	-	11,949 18	"
In Jasper "	-	-	-	-	24,258 54	"
In Lake "	-	-	-	-	35,574 42	"
Lake & Porter "	-	-	-	-	13,120 00	"
In Miami Reserve, (7 mile strip running parallel with the Michigan road,)	-	-	-	-	120,163 99	"

Total,	-	-	-	-	-	294,699 04	"
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These lands were selected in 1839, by special Commissioners, appointed by the Governor.

By the act of Congress confirming the selections, the State is required to surrender such tracts as are rightfully claimed by settlers under the Pre-emption Laws, and select other lands in lieu thereof.

From the date of last report up to the 30th October, the end of the fiscal year, payments have been made by the undersigned, by drafts on the Fund Commissioners, as follows :

EAST OF TIPPECANOE.

To contractors for completing unfinished sections and for raising and strengthening the banks of the St. Joseph's Feeder, rendered necessary to fill the Ohio Reservoir, as proposed in last year's report, - -	\$11,955 56
To Superintendents of repairs, for expenditures which belong properly to the item of ordinary repairs; paid upon the estimate of S. Fisher, Engineer, -	10,013 58
To Superintendents, for expenditures necessary to secure the canal, but belonging to construction account, paid upon the estimate of the Engineer, -	5,330 00
Paid for damages to property, - - - -	3,740 64
For contingent expenses including the pay of the Engineer, - - - - -	1,525 26
Total, - - - - -	<u>\$32,565 04</u>

WEST OF TIPPECANOE.

To contractors for protecting the Birmingham Bluff, with stone, properly belonging to construction, - -	\$9,247 12
To Superintendent for ordinary repairs, - -	3,553 76
To Superintendent for expenditures at the Birmingham Bluff, necessary to secure the canal, but not chargeable to ordinary repairs, - - - -	1,300 00
Damages to property, - - - - -	9,122 64
Total, - - - - -	<u>\$23,223 52</u>

There has also been paid on the Steam-boat lock, the sum of - - - - - \$4,094

The extreme drought of the last summer excited fears in the minds of some that the supply of water on the summit level of this canal would on the future increase of business, prove inadequate. There is no ground for apprehending any inconvenience from the want of water. The question, if any question should arise, will not be whether an ample supply is at our command, but whether the *low-water discharge of the St. Joseph alone* is sufficient without any aid from an artificial reservoir. Should such aid become necessary, with the future increase of business, abundant resources are at hand of which the State can avail herself at any time, with a moderate expense.

The summit level of this canal is located through a remarkable depression in the general level of the country, forming the head of Little river, into which depression the drainage flows from the surrounding table lands, embracing the whole country to the head of the St. Joseph on the northeast, and of the St. Mary's on the southeast, together with the several branches of Little river, all of which are available for reservoirs. So far from there being a deficiency in the available resources, it is certainly true that no canal has yet been projected connecting Lake Erie with the Ohio River on whose summit level it is practicable to introduce so large a supply of water as might be collected on the summit level of this canal.

Should any additional supply be required, either now or hereafter, I would recommend the introduction of a feeder from the Aboite, which is one of the principal branches of Little river, and crosses the canal eleven miles west of Fort Wayne. From the survey of this valley, it is ascertained to be decidedly favorable for the formation of a reservoir of any size that the future wants of the canal may require.

The feeder would be one mile long, at which distance from the canal a dam and embankment would be formed across the valley, in all six chains long, raising the water to a level thirty feet above the canal. This would form a reservoir covering about 320 acres, to a depth varying from 5 to 30 feet; which after allowing for the loss by evaporation and leakage from its surface would give a continued supply of 1,000 cubic feet per minute for a period of 100 days; which supply could be still further increased by adding to the height of the embankment. The cost of constructing this reservoir and feeder is estimated at about \$20,000, including the expense of clearing the timber from the whole area; in addition to which some damage should be paid.

One important advantage of this site, over others that might be found in the valley of the St. Joseph or Cedar creek, consists in its furnishing the additional supply of water near the west end of the summit level where it is most needed. By introducing a feeder at this point, the level of the canal will be kept more uniform during the low stage of water, when its passage is so much impeded by the growth of grass in the canal. The whole division could also be filled much sooner after it becomes empty from any cause, than if the whole supply were introduced at the east end. Another favorable circumstance is in the particular size of the stream which flows into it, being of ample size to fill the reservoir, and yet not so large as to be uncontrollable or dangerous in its floods. The position of the reservoir, being so near the canal, places it always under the immediate notice of the Superintendent, by which the expense of its superintendence, as well as the danger of accidents would be lessened. The fact that no artificial feeder is required to conduct the flood water to the reservoir, is likewise an advantage not always found.

This plan of furnishing an additional supply of water for the summit level, is here presented rather to show how groundless are all apprehensions as to the complete success of the Wabash and Erie Canal as

a thoroughfare of trade, than with a view of proposing its immediate adoption. The Superintendent of this division of the Canal, who has noticed the water at its lowest stage, expresses the belief that by repairing the Aqueducts and Lock-gates, where much water now wastes, the present supply will be entirely adequate. These repairs will be made during the coming winter; and if after the trial of another season, there should be reason to anticipate a scarcity of water on the future increase of trade, then the State should immediately construct the Aboite Reservoir, for which purpose the unsold lands belonging to this portion of the Canal, will form an available fund.

In all the calculations of water for the summit, heretofore made, from the time of the first survey by the U. S. Engineers, to its final location, the natural low water flow of the little St. Joseph river, was represented to be probably sufficient, with economy in its use, for the Canal as far East as the State line: though the facility with which a reservoir could be formed along the line, was apparent to all, and doubtless increased the confidence with which the practicability of the work was recommended. In a communication to the Ohio Commissioner, dated August 1st, 1839, (see Documentary Journal of 1839-40) on the subject of the final location of the Canal, the views of the undersigned, as to the supply of water, were summed up in the following words:

“This statement of facts, you will perceive, forbids the expectation that any water can be furnished from our Feeder for the Canal in your State, during the dry seasons. The amount of available water, as here shown, when confined to the Canal West of the State line, is considerably less, as you are aware, than the customary allowance—and in fact would be inadequate, were it not that a portion of the Canal is so situated as to expend much less than the usual quantity. By puddling some of the most porous places, and husbanding the water in the most careful manner, we believe that the Canal in Indiana can be supplied by the St. Joseph’s feeder—but are sure that it will not be in our power to furnish any water, in dry seasons, for the line in Ohio.”

But in the final location of the Canal in Ohio, six miles East of the State line, is made dependant upon the St. Joseph feeder: and this increased distance, with other circumstances tending to increase the demand, may require some additional water, though the necessity of such increase is not yet fully shown.

Should the St. Joseph’s feeder prove sufficient, this will be the only Canal connecting the Ohio river with Lake Erie, whose summit level is not dependent in part, upon artificial reservoirs.

During the past season, the Canal has been navigated to a point six miles East of the State line. The latest information received in relation to the progress of the Ohio division, warrants the expectation that by the month of May, our boats may pass as far East as Defiance. And there is some reason to hope that the entire communication will be opened by the 1st of August next. Should this be realized, the wheat crop of next year grown in the Wabash country, may be taken to market through this channel: and the increased value of the crop to the farmers, will form a considerable item. Those who during the past

season have been compelled to transport their wheat in wagons to Chicago or to Cincinnati, in order to reach a water communication, are prepared to appreciate the advantages of having an equally good market at the towns, on the Wabash and Erie Canal.

The price paid for wheat at Lafayette during the months of September and October last has been 56 cents. At Toledo and Maumee City during the same months, the price paid was \$1 12—as I learn by correspondence with commercial houses at these points. The cost of transportation from Lafayette to Toledo, will be 18 cents per bushel; admitting the tolls and charges to be the same as are now paid on the Ohio Canal. Deducting this from the difference in price at the two points, and we have 38 cents, or to allow for all contingencies, say 30 cents, as the additional sum which each farmer in the vicinity of the Canal, would have received this year for every bushel of wheat—had the navigation been opened to the Lake.

Nothing can be more certain than this saving, and it affords a very strong illustration of the benefits of a public work of this kind to an interior district.

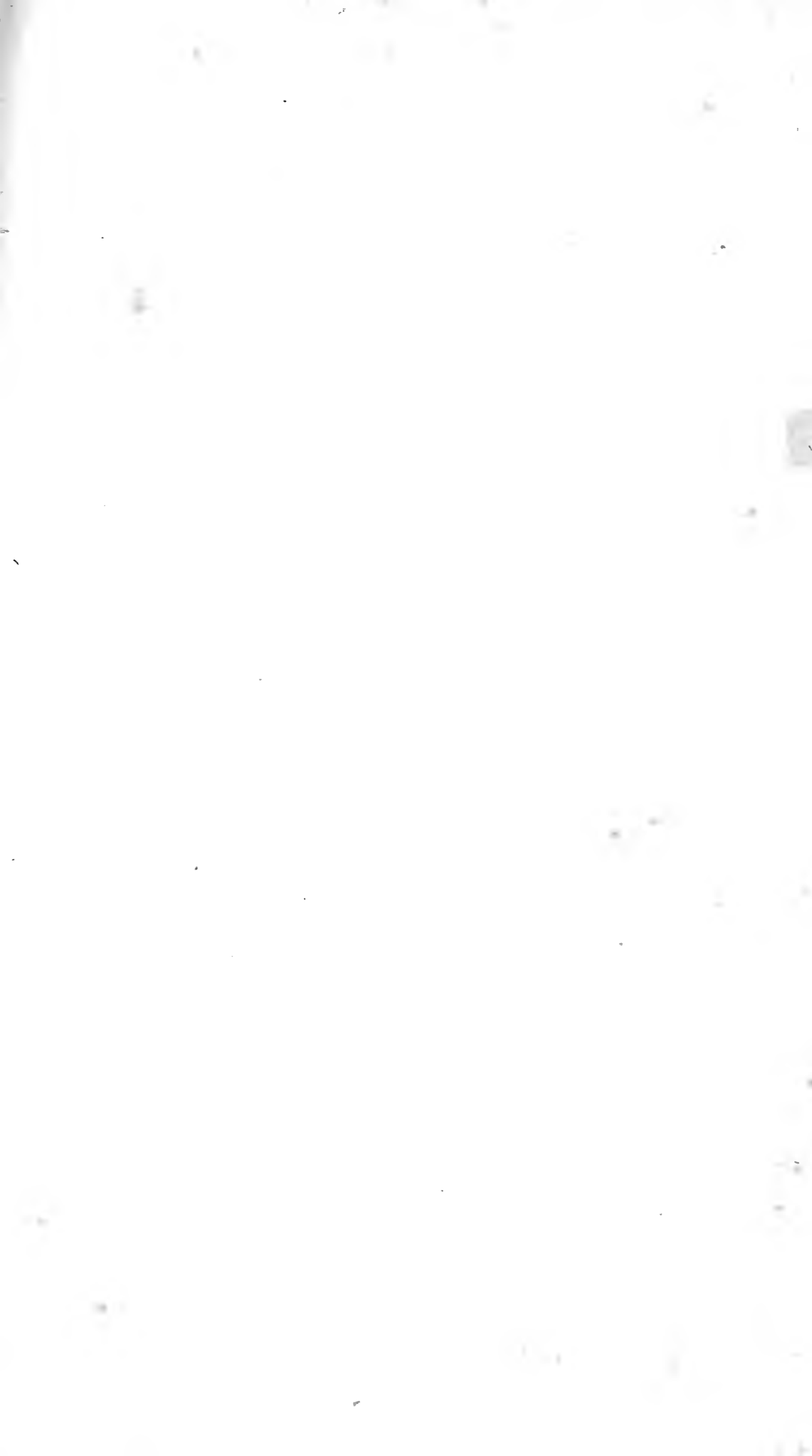
From the late census, I ascertain that the aggregate wheat crop of 1840, in the Counties of Tippecanoe, Carroll, Clinton, Montgomery, Fountain, White and Warren, amounted to a little over 500,000 bushels. Supposing one-half of this to be consumed within these Counties, it will leave 250,000 bushels for a foreign market; and a saving of 30 cents per bushel will make a total saving of \$75,000 per annum in these seven Counties, on the article of wheat alone, to say nothing of the saving on other agricultural products, or on the Salt and merchandise, and leaving out of view the other Counties along the line of the Canal, or within the range of its influence.

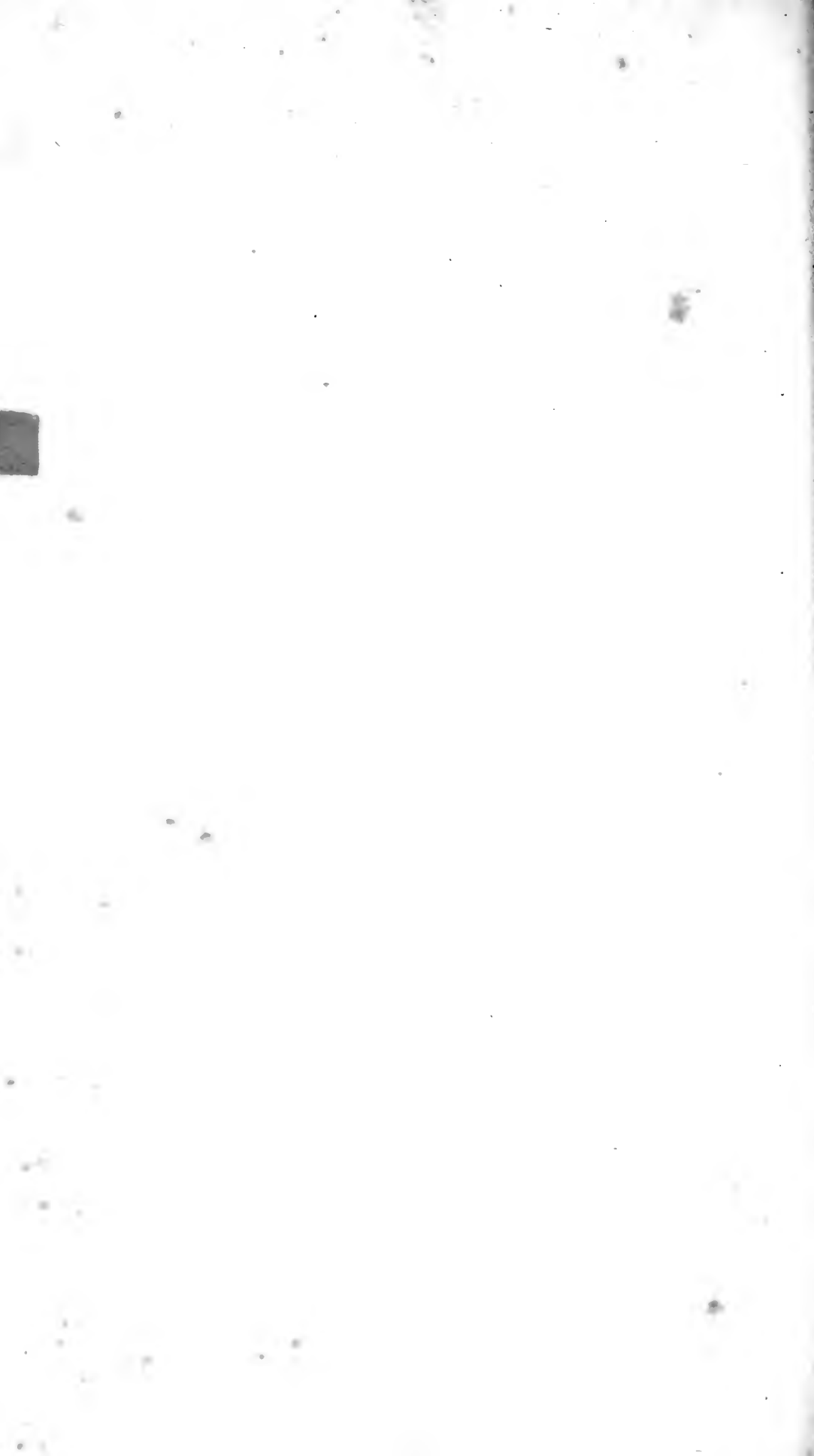
It is hoped that the authorities of Ohio will perceive in this great advantage to the citizens of Indiana, as well as in the increase of their own revenues resulting from this trade, strong motives for the completion of the Canal in time to take out the wheat crop of next year. And in this connection I may add that the farmers of the Wabash country have this Fall sowed nearly twice as much wheat as ever before, and if the season prove favorable, the surplus of wheat on hand, at the close of next harvest, must far exceed this estimate.

Respectfully submitted,

J. L. WILLIAMS.







REPORT

OF THE

SINKING FUND COMMISSIONERS

TO THE GENERAL ASSEMBLY.

IN SENATE, DECEMBER 16, 1841.

Read, laid on the table, and five hundred copies ordered to be printed.

HON. SAMUEL HALL,

President of the Senate.

Herewith is an exhibit of the condition of the Sinking Fund and Surplus Revenue, Dec. 9, 1841.

The means consist of———	Stock Loans in branches,	\$213,733 08
Bank Stock Chartered Capital,	- - -	880,000 00
Surplus Revenue Capital,	- - -	439,950 00
Bank Stock of 1839-41, and from School tax, &c.,		30,716 27
Loans of Sinking Fund and Surplus Revenue,		746,858 35
Surplus Fund paid on Bank Stock,	- -	32,179 51
Cash from Interest and Dividends,	- -	64,338 73
Cash from Principal of Loans refunded,	-	2,740 00

\$2,410,515 94

There has been paid as follows:

Expenses of Loan, office expenses, transportation of specie, &c.,	-	-	-	-	23,241	24
Interest on State Bonds, Exchange, Commission, &c.,					422,226	30
Paid Fund Commissioners, Dividends and Interest,					164,607	79
Paid Treasurer of State,	-	-	-	-	38,125	01
						<hr/>
						\$3,058,716 28 <hr/>

The above sums have been realized as follows:

From State Bonds,	-	-	-	-	\$1,410,000	00
Third and fourth instalments Surplus Revenue,					573,660	11
Saline Fund and School tax, by Treasurer of State,					5,716	27
Premiums, Dividends and Interest,	-				1,068,990	31
Blanks, damages &c.,	-	-	-	-	349	59
						<hr/>
						\$3,058,716 28 <hr/>

Deduct the State bonds, Surplus Revenue, Saline Fund and School tax, in all \$1,989,376 38, from the means on hand, and the sums paid to the Fund Commissioners and Treasurer of State, amounting to \$2,613,248 74, and there remains \$623,872 36 profit to the State by the operations of the Bank and the Sinking Fund. In addition, there is a further sum of \$15,502 60, which by the law of last session, is transferred at once to the Treasurer of State, without being entered on the books of this office.

As yet, the Commissioners have discovered but few cases in the Mortgages under their charge, where the State will sustain losses on its loans of the Sinking Fund and Surplus Revenue. In addition to the probable loss of the interest due on Jeremiah Muncy's Loan, the particulars of which were reported last year, it has since been ascertained that Asher Cox, of Fayette county, fraudulently obtained a loan of \$500, which will be lost. The affidavit of the borrower and certificate of the Recorder, both stated that there was no incumbrance on the mortgaged premises, yet it afterwards appeared that there was an unsatisfied mortgage of record in existence. The Mortgager, Recorder, and his sureties, are said to be insolvent. Alfred E. Teal, a minor of Shelby county, obtained a loan of \$500, which he now refuses to pay: but there are circumstances in the case sufficient, it is believed, to authorize the Court of Equity, which has been applied to, to enforce payment.

In addition to these cases referred to last year, where it was understood there had been an over-valuation of property, it is now supposed that there will be several others where the State will lose more or

less by the high appraisement put upon property, or its subsequent depreciation. The only new instances however, that have yet been intimated to the Board, are two in Laporte county, two in Marshall, and one in Cass. To ascertain the true value of the mortgaged premises, and to obtain further security where it may be needed and can be had, it was resolved at the last meeting of the Commissioners, that one of their number should personally examine, or satisfy himself beyond dispute, as to the value of each tract of land on which a mortgage has been taken. From the increasing neglect of the regular payment of interest, the importance of being able to give accurate information at sales, and the deep interest which the State now has in these Mortgages, it was deemed advisable to give more attention to this subject hereafter.

Of the tracts that have been advertised for sale since the commencement of operations, seventy-two have failed to sell for want of bidders, and have not since been redeemed. Fourteen of these tracts are in Marshall county, thirteen in Tippecanoe, eleven in Warren, eight in Laporte, five in Fulton, four, each in Cass and Shelby, two, each in Elkhart, Boon and Marion, and one each in Dearborn, Carroll, White, Hamilton, Montgomery, Hendricks and Daviess. One hundred and three additional tracts had not been redeemed when the sale advertised for the 11th inst. was postponed, in compliance with the directions of the Joint Resolution of the Legislature.

There are in Marshall county, several tracts of land mortgaged to the State, which either by the death or absconding of the mortgager, are left unoccupied. The most of these have been personally examined, and found to be ample security for the ultimate payment of the amount due the State. As these lands cannot be sold at present, a provision by law appears to be necessary for renting such as are improved, so that they may be made more valuable, or may contribute in part to the payment of taxes and interest.

It is also respectfully suggested to the Legislature whether the Commissioners of the Sinking Fund ought not to be vested with powers to compromise under certain restrictions, or advance more money, or exact a lower rate of interest, where the security is now doubtful, and better security can by that means be had. We are, &c.,

S. MERRILL, PRESIDENT.

R. MORRISON,

G. P. BUELL,

J. WALKER,

W. T. T. JONES,

} *Sinking Fund*
} *Commissioners.*

The compensation to the Commissioners of the Sinking Fund has been as follows:

For per diem services during sessions, averaging about twelve days a year—\$2 00 a day.

For examining titles, approving mortgages, and superintending pay-

ments of interest until the expiration of the loans—one per cent. on the sum loaned.

The only compensation yet received by the President, is one-half per cent. on the loans he has superintended.

The Clerk receives \$200 a year, and the Assistant Clerk, \$800 a year.

S. MERRILL.

Statement of the condition of the Sinking Fund of the State of Indiana on December 9, 1841.

MEANS.

Stock in the State Bank of Indiana, under the charter,	\$880,000 00	
Stock in the State Bank from Surplus Revenue,	439,950 00	
Stock in the State Bank, under law of 1839,	20,000 00	
Stock in the State Bank, under law of 1841,	5,000 00	
Stock in the State Bank from Saline Fund,	4,924 20	
Stock in the State Bank from Bank Tax Fund,	792 07	\$1,350,666 27
Surplus Fund in the Bank from Surplus Revenue,	30,479 51	
Surplus Fund in the Bank, under law of 1839,	1,200 00	
Surplus Fund in the Bank, under law of 1841,	500 00	32,179 51
Mortgage loans for Bank stock,	213,733 08	
Current loans transferred from Surplus Revenue,	172,218 62	
Current loans,	456,369 12	
Surplus Revenue loans,	114,532 86	
Loans,	3,737 75	960,591 43
Indianapolis Branch,	7,986 59	
Lawrenceburgh "	4,026 44	
Richmond "	4,920 61	
New Albany "	3,609 70	
Madison "	7,597 38	
Evansville "	3,183 71	
Vincennes "	3,600 75	
Bedford "	3,442 53	
Terre Haute "	5,093 64	
Lafayette "	3,792 32	
Fort Wayne "	5,846 87	
Michigan City "	148 30	
Samuel Merrill, Commissioner,	904 55	
Robert Morrison, Commissioner,	1,369 32	
Jacob Walker, Commissioner,	264 25	55,786 96
Cash from principal repaid for Bank stock,	2,740 00	
Cash from interest, &c.,	8,551 77	11,291 77

DISBURSEMENTS.

Interest on State Bonds, under the charter,	\$403,759 13	
Interest and premium,	17,530 62	
Interest on State Bonds of 1839,	589 05	\$421,878 80
Treasurer of State, under law of January 29, 1841,	9,463 50	
Treasurer of State, under law of February 6, 1841,	28,661 51	38,125 01
Fund Commissioners, on account of Surplus Revenue,	162,648 79	
Fund Commissioners, on account of loan of 1839,	1,959 00	164,607 79
Commission on payment of interest	347 50	
Expense of State loans,	4,799 14	
Specie transportation for Bank stock,	2,100 69	
Specie transportation for Surplus Revenue stock,	1,290 46	
Current expense, rent, &c.,	9,951 78	
Current expense, Surplus Revenue,	4,949 17	
Advances on accounts,	150 00	23,588 74
		<u>\$3,058,716 28</u>

LIABILITIES.

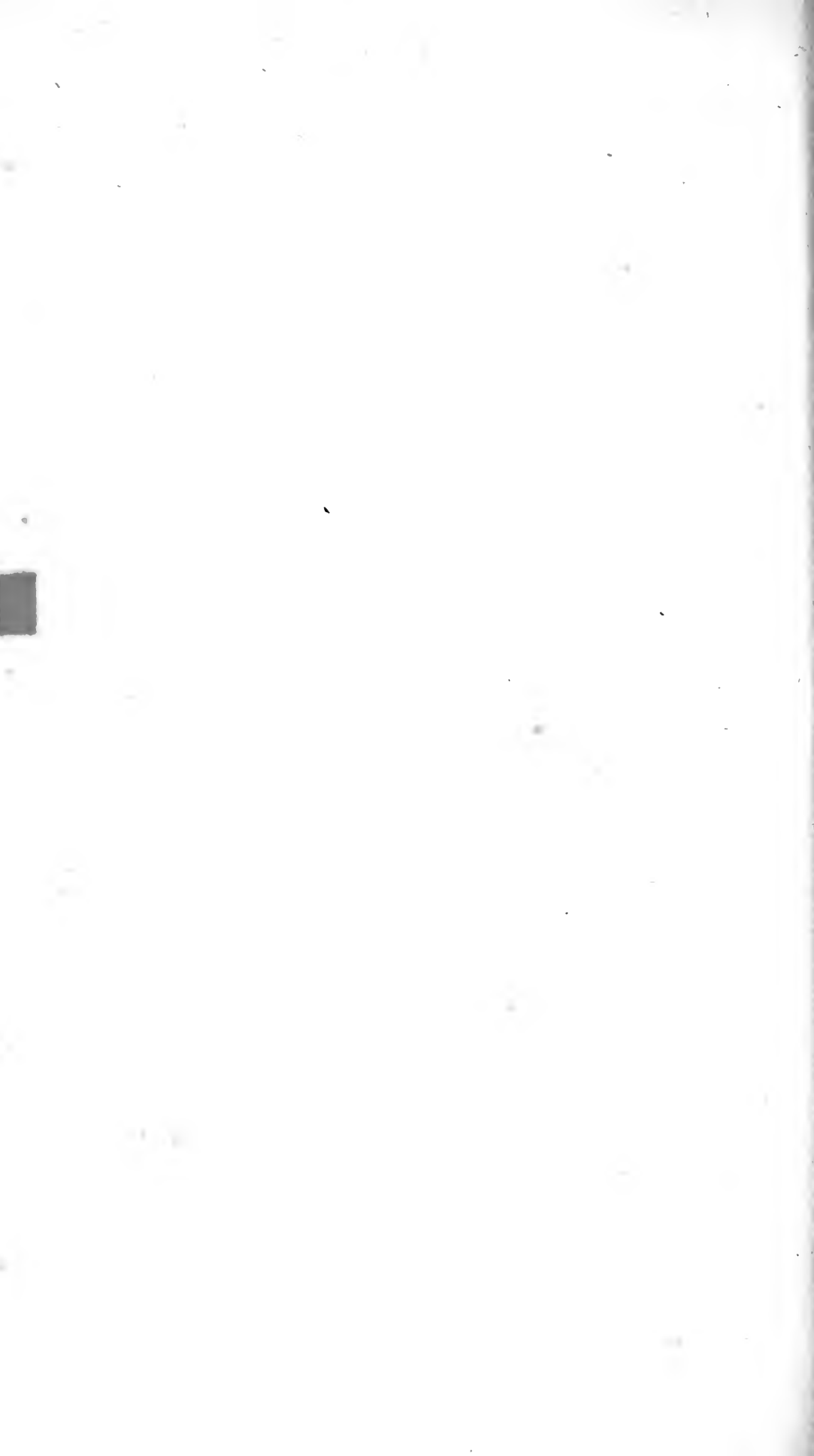
State bonds, under the charter, for capital,	\$1,390,000 00	
State bonds of 1839,	20,000 00	1,410,000 00
Treasurer of State, by Surplus Revenue,		573,660 11
“ “ for Bank stock:		
From Saline Fund,	4,924 20	
From Bank Tax Fund,	792 07	5,716 27
South Bend Branch,	4 00	
Canal Fund Commissioners,	28 92	32 92

OTHER SOURCES OF RECEIPT.

Dividend on Bank stock, under the charter,	572,110 96	
Dividend on Bank stock of 1839,	5,253 66	
“ “ “ on Surplus Revenue Bank Stock,	98,164 65	675,529 27

Interest from mortgage loans for Bank stock,	80,335 21	
Interest from current loans,	173,021 40	
“ “ Surplus Revenue loans,	110,607 51	363,964 12
Premium on State bonds,		29,496 92
Damages on forfeited current loans,	110 00	
“ “ Surplus Rev. loans,	90 00	200 00
Blank Mortgages,		116 67
		<hr/>
		<u>\$3,058,716 28</u>

JAMES M. RAY, *Clerk.*



REPORT

OF THE

BOARD OF INT. IMPROVEMENT,

In relation to the number of persons in the employ of the State,
connected with the public works.

IN SENATE, DECEMBER 21, 1841.

*Read, laid on the table, and one thousand copies ordered to be printed
for the use of the Senate.*

OFFICE BOARD OF INTERNAL IMPROVEMENT, }
Indianapolis, Dec. 21st, 1841. }

HON. SAMUEL HALL,

President of the Senate.

SIR:—In compliance with a resolution of the Senate, of the 15th inst., which calls for “a statement showing the number and names of Engineers, who during the past year, have been in the employment of the State, the nature of services rendered by them, and the amount of compensation allowed. Also, the names of all other persons, including the Board of Internal Improvements, who have in any manner been in the employment of the State in reference to her Public Works,

(exclusive of the Fund Commissioners,) the nature and amount of their services, and the compensation allowed them," I respectfully report, that on the Wabash and Erie Canal, Richard Adams & O. Bird, are employed as Superintendents of repairs. It is their duty to regulate the introduction of the water so as to keep the water at the proper height: to take care that breaches in the Canal are prevented so far as possible, and to repair them promptly when they occur. Each has under his care 70 miles of Canal, over which he travels almost constantly. The compensation allowed is three dollars per day, when actually employed, including travelling and all other expenses.

John Roach has been employed a portion of the time during the past season, in attending the Locks at Huntington, and in Superintending the operations of contractors on the St. Joseph's feeder, at \$35 per month. The services of this individual were of a temporary nature, and are probably discontinued before this time. The sum paid to these three individuals was included in the amount of *repairs* stated in the annual report, though the names were not there given.

S. Fisher, the Resident Engineer, has been employed in the service of the State whenever his services were necessary. His duties have been to superintend the construction of the Steam boat Lock at Del- and to give some attention to the repairs of the line, together with the closing up of unsettled accounts. His total compensation for the year amounts to \$786; as given in the annual report.

These several items of work having been completed, an Engineer will no longer be required, unless it be in the place of a Superintendent.

There are four collectors of tolls on the Wabash and Erie Canal— at Fort Wayne, Lagros, Logansport, and Lafayette—each receiving \$15 per month.

James Hovey has been occasionally employed in taking care of the timber, plank, &c., on the Erie and Michigan Canal; for which he has received, during the last year, \$52. He is not now employed.

The undersigned would beg leave to say, that according to the usages on the lines, the various subordinate appointments have not been made by the Chief Engineer, but each acting commissioner employs from time to time, such persons as the public interest may require. The particular charge of the undersigned has extended to no other work on which any operations have been carried, except those above named. Dr. Mason who is the acting commissioner on all the other works has made up the following statement:

T. A. Morris is employed as Resident Engineer on the Madison and Indianapolis Rail road, and Superintendent on the Central Division Central Canal, at a yearly salary of \$1500. R. M. Patterson is employed as principal Assistant Engineer on the Madison Railroad; their duties are to attend to the construction of the work on said road, and to make the proper estimates of work done, &c. To T. A. Morris is also assigned the charge of the finished part of the work.

Adam Green is employed on the Madison Railroad, at a per diem allowance of \$2. His duty is to keep the track in repair, clean out the

side ditches, and such other repairs as are necessary to ensure the safe running of the cars.

In order to run the cars on the Madison Railroad, two modes have been adopted: one, by farming out the privilege—the other, to run them by agents of the State. The latter method is the one now in use, and so far, has met the expectations of the Board. Connected with running the train, under any mode, a shop, with a superintendent well skilled in the building and repair of cars, and the keeping in order the Locomotives, is indispensable.

The following is a list of agents connected with this department.

Samuel Thomas, Superintendent of Machinery—salary \$70 per month. His duty is to keep the engine and cars in good order for safe running.

John Lodge, Superintendent of transportation: salary, a per diem allowance of \$2. His duty—to attend to the transportation of freight and passengers: to go daily with the train in and out, and settle all accounts, &c.

R. J. Elvin, Clerk at Depot, at a per diem allowance of \$1. His duty is to keep the books containing an account of transportation, &c.

F. Lunger, Engine man, is employed to superintend and conduct the Locomotive and train. He is paid a per diem allowance of \$2.

There is also employed, one fireman, whose duty is to attend to the fire, wood and water. Also, one other hand on the train, to assist in loading and unloading: each at a per diem allowance of \$1.

H. C. Moore is employed as Superintendent upon the White Water Canal, at a salary of \$1,000 per annum. His duty is to keep the finished portion of the Canal in proper repair, and to exercise such supervisory power over the unfinished portion of the Canal, as is directed by law. and during the past season he has, under the direction of the Board, attended to a large number of arbitrations on said line. And in addition to these services, he has several times visited the New Albany and Vincennes road, collected and paid over the tolls, and superintended the repairs.

Two Collectors are employed upon the White Water Canal—one at Brookville, the other at Lawrenceburgh—each at a yearly salary of \$100.

John Burk is employed on the Central Division Central Canal. His duty is to keep the finished part in repair, and regulate the supply of water, and pay such attention to the unfinished part as is required by law. During the past summer, his pay has been at the rate of \$360 per annum. From the first of the present month it has been reduced to \$150.

S. C. Bradford is employed as Superintendent on the Southern Division Central Canal, and collector of tolls, at a yearly salary of \$150. His duty is to collect tolls and to make such repairs as are absolutely necessary.

W. F. F. Thompson was appointed in September last, Superintendent of the New Albany and Vincennes road, at an annual salary of \$150. His duty is to collect the tolls on said road, pay them out, and see that the road is kept in repair.

It will be recollected by the Senate, that the present law provides for the appointment, by the Board of Arbitrators, to assess damages to Contractors in certain cases: and to those who may apply for damages on account of the location of any of the public works; (these appointments are not given) they have probably amounted to fifty persons, during the past year, and their pay to \$500.

In connection with the foregoing subject, it may not be improper here to state, that under the existing laws, the right to an appeal from the award of Arbitrators in certain cases, is allowed. Under this permission, a large number have been taken, a number of which are yet pending in the Circuit Courts, and a few in the Supreme Court.

To secure the interest of the State, Attorneys have been employed: at this time about ten Lawyers are engaged in those cases, the amount of their fees is yet unknown, they are made to depend upon the nature of the case, and the amount in controversy.

In the account of payments contained in the annual report of the acting commissioner heretofore made to the Legislature, the foregoing expenses of Engineers, Superintendents, &c., were included, though the names of the persons employed, were not in every case given.

The general duties of the Board as prescribed by law are known to the Legislature. In the Superintendence of the several lines, the settlement of claims for labor and damages, and attendance upon law suits and arbitrations; in the duties relating to the Wabash and Erie Canal lands, in the correspondence connected with their several duties, and in answering the numerous calls from the Legislature for information the members of the Board have been necessarily employed for nearly the whole time. Their compensation is \$3. per day, but not to exceed \$1000 per annum, including all travelling and other expenses.

Respectfully Submitted,

J. L. WILLIAMS.

Doc. No. 5.

Senate.

REPORTS

OF THE

STATE BANK AND BRANCHES.

IN SENATE, DECEMBER, 13, 1841.

Read, laid on the table, and three hundred copies ordered to be printed for the use of the Senate.

OFFICE OF THE STATE BANK OF INDIANA, }
Indianapolis, Dec. 10, 1841. }

Hon. SAMUEL HALL,

President of the Senate,

SIR—Herewith is submitted the exhibit of the affairs and business of the State Bank and each branch thereof, on the third Saturday of November last, as required by the charter, and as referred to in the annual report of the first instant; which please lay before the Senate.

Very respectfully,

JAMES M. RAY, *Cashier.*

Statement of the condition of the State Bank of Indiana, on Saturday, November 20, 1841.

Bills discounted,	\$2,422,305 98	Capital Stock.	
Bills of exchange,	857,168 08	Paid in by the State,	\$1,344,950 00
		Paid in by individuals and	
		counties,	1,398,241 62
Suspended Debt.			<u>2,743,191 62</u>
On personal security,	405,048 98	Balance of profit and loss	
On bills of exchange,	35,501 56	to 30th October, 1841, not	
On bonds and mortgages,	10,926 50	yet divided,	15,915 32
		Net profit since 30th Octo-	
Real Estate.		ber, 1841,	16,968 25
Banking houses,	200,494 64		<u>32,883 60</u>
Other property,	40,556 51	Dividend not drawn,	36,068 93
		Tax for school purposes,	9,644 02
Furniture and fixtures,		Surplus fund,	308,742 61
Deposites in, and dues from Branches		Suspended interest, sinking fund,	
and other Banks :		and other cash items,	147,344 86
From Branches to other Branches,	32,269 61		
From other Banks to Branches:		Deposites by, and dues to Branches	
To Branch at Indianapolis,	55,555 31	and other Banks :	
Lawrenceburgh,	11,690 81	To Branches from other Branches,	40,483 33
Richmond,	18,898 28		
Madison.	25,367 31	To other Banks from Branches :	
New Albany,	19,068 57	From Branch at Indianapolis,	5,690 41
Evansville,	2,161 24	Lawrenceburgh,	20,021 52
Vincennes,	18,295 29	Richmond,	407 02
Bedford,	2,898 22	Madison,	35,721 17
Terre Haute,	13,246 76		

Lafayette,	12,015 37	New Albany,	19,099 57
Fort Wayne,	1,902 52	Evansville,	11,704 69
South Bend,	1,051 39	Vincennes,	3,419 64
Michigan City,		Bedford,	208 75
	182,151 07	Terre Haute,	13,934 01
The State of Indiana, for		Lafayette,	2,528 54
payments to contractors,	688,203 15	Fort Wayne,	
The State of Indiana, in the		South Bend,	1 50
advance of the 4th instal		Michigan City,	3,328 37
ment of surplus revenue,	294,000 00		116,065 19
Remittances and other cash items,	982,203 15	Circulation,	2,871,689 00
	99,035 27	Between the Branches,	264,748 00
		Individual deposits,	3,136,437 00
Bank notes on hand.			272,157 74
Notes of alternate Branches,	264,748 00		
Notes and Checks of other			
banks,	177,244 70		
	441,992 70		
<i>Specie.</i>			
Gold,	72,664 80		
Silver,	1,055,236 57		
	1,127,901 37		
	\$6,843,018 90		\$6,843,018 90

JAMES M. RAY, Cashier.

F INDIANA, on Saturday November 20, 1841.

Debt for ment to ractors.	State Bonds for 4th instalment.	Remittances, Interest, and other Cash items.	Notes of other Branches.	Notes and Checks of other Banks.	SPECIE.
818 95	39,000 00	40,923 12	25,555 00	44,384 00	93,432 43
783 31	52,000 00	9,653 32	- -	13,709 00	77,478 81
392 24	39,000 00	296 15	34,226 00	20,010 00	99,927 43
004 99	38,000 00	5,150 00	17,699 00	1,306 70	90,453 91
409 23	29,000 00	157 54	21,066 00	6,272 00	69,606 79
919 59	19,000 00	523 00	1,427 00	565 00	67,465 50
457 95	- -	4 72	10,700 00	28,125 00	90,563 08
877 33	- -	6,204 02	28,430 00	6,412 00	76,443 13
607 75	58,000 00	5,127 32	30,490 00	15,795 00	133,511 12
270 21	- -	198 09	2,080 00	13,420 00	67,013 40
661 60	- -	26,201 52	8,446 00	22,871 00	99,977 07
-	10,000 00	1,311 85	26,264 00	3,704 00	78,137 81
-	10,000 00	3,279 62	56,365 00	671 00	83,890 89
203 15	\$294,000 00	\$99,035 27	\$264,748 00	\$177,244 70	\$1,127,901 37

Surplus Fund.	Interest, Sinking Fund, and other cash items.	Individual Deposites.	PROFIT AND LOSS.	
			To Oct. 30, 1841.	Since Oct. 30, 1841.
23,746 25	7,148 45	25,366 29	- - -	1,498 14
40,762 63	7,811 74	17,248 56	- - -	2,802 68
21,713 30	8,613 14	12,309 69	- - -	982 89
29,262 00	13,920 31	26,958 34	- - -	2,064 52
33,893 71	17,384 00	30,667 15	- - -	1,246 80
13,514 51	15,661 75	25,020 93	5,812 57	834 83
16,374 16	8,521 90	9,333 86	- - -	927 94
14,993 61	6,742 07	9,088 98	- - -	1,945 26
31,083 08	12,139 62	24,523 33	- - -	1,709 71
23,818 35	27,078 72	21,142 65	10,102 78	518 42
28,581 61	13,386 12	33,608 00	- - -	832 76
18,724 57	1,503 29	17,280 31	- - -	298 23
12,274 83	7,433 75	9,609 75	- - -	1,306 07
\$308,742 61	\$147,344 86	\$272,157 74	\$15,915 35	\$16,968 25

To follow page 100, Doc. Journal, Senate.

RESOURCES.

BRANCHES.	Bills Discounted.	Bills of Exchange.	Branch Balances.	Other Bank Balances.	Banking Houses.	Other Real Estate.	FURNITURE.	State Debt for payment to Contractors.	State Bonds for 4th instalment.	Remittances, Interest, and other Cash items.	Notes of other Branches.	Notes and Checks of other Banks.	SPECIE.
INDIANAPOLIS,	157,707 27	151,675 07	8,783 91	55,555 31	31,129 33	-	536 14	90,818 95	39,000 00	40,923 12	25,555 00	44,394 00	93,432 43
LAWRENCEBURGH,	239,861 31	149,771 92	723 21	11,090 81	11,797 65	3,242 66	-	47,783 31	52,000 00	9,653 32	-	13,709 00	77,478 81
RICHMOND,	352,698 52	33,825 25	928 93	18,896 28	5,114 70	3,200 00	288 16	17,392 24	39,000 00	296 15	34,226 00	20,010 00	99,927 43
MADISON,	220,834 27	90,638 10	3,313 22	25,367 31	19,456 47	-	599 24	31,004 99	36,000 00	5,150 00	17,099 00	1,306 70	90,453 91
NEW ALBANY,	306,759 70	47,212 67	-	19,068 57	29,841 00	-	-	56,409 23	29,000 00	157 54	21,086 00	6,272 00	69,606 79
EVANSVILLE,	174,998 39	55,056 19	1,316 80	2,161 24	30,624 95	-	-	107,919 59	19,000 00	529 00	1,427 00	565 00	67,465 50
VINCENNES,	207,438 76	25,047 98	5,009 32	18,295 29	18,841 80	2,400 00	861 56	46,457 95	-	4 72	10,700 00	28,125 00	90,563 08
BEDFORD,	178,250 74	66,761 51	2,805 69	2,898 22	3,414 68	1,466 41	142 00	22,877 33	-	6,204 02	29,430 00	6,412 00	76,443 13
TERRE HAUTE,	252,864 25	40,618 55	146 48	13,246 76	13,460 73	-	656 25	29,607 75	56,000 00	5,127 32	30,490 00	15,795 00	133,511 12
LAFAYETTE,	360,128 17	53,249 85	645 26	19,015 37	14,415 50	10,047 40	617 34	169,270 21	-	196 09	2,080 00	13,420 00	67,013 40
FORT WAYNE,	263,018 78	28,207 05	25 00	1,902 52	15,429 30	2,611 25	635 38	54,661 60	-	26,201 52	6,446 00	25,671 00	99,977 07
SOUTH BEND,	192,671 24	20,910 89	3,425 68	1,051 39	13,014 93	6,000 00	501 21	-	10,000 00	1,311 85	26,264 00	3,704 00	76,137 81
MICHIGAN CITY,	129,060 04	129,194 61	5,146 11	-	2,952 80	11,588 79	626 20	-	10,000 00	3,279 62	56,365 00	671 00	83,890 89
	\$2,636,281 46	\$892,669 64	\$32,269 61	\$182,151 07	\$200,494 64	\$40,556 51	\$5,463 48	\$698,203 15	\$294,000 00	\$99,035 27	\$264,748 00	\$177,244 70	\$1,127,901 37

LIABILITIES.

	CAPITAL STOCK.		Circulation.	Branch Balances.	Other Bank Balances.	Dividends not drawn.	Tax for School purposes.	Surplus Fund.	Interest, Sinking Fund, and other cash items.	Individual Deposites.	PROFIT AND LOSS.	
	State.	Individual and Counties.									To Oct. 30, 1841.	Since Oct. 30, 1841.
INDIANAPOLIS,	125,300 00	170,000 00	358,276 00	1,742 27	5,690 41	9,882 72	850 00	23,746 25	7,148 45	25,366 29	-	1,498 14
LAWRENCEBURGH,	170,000 00	170,000 00	240,721 00	1,943 49	20,021 52	3,125 38	1,275 00	40,762 63	7,811 74	17,248 56	-	2,802 68
RICHMOND,	106,000 00	125,000 00	244,973 00	774 45	407 02	4,094 67	937 50	21,713 30	8,613 14	12,309 69	-	982 89
MADISON,	147,150 00	171,000 00	196,280 00	9,505 97	35,721 17	1,976 40	1,282 50	29,262 00	13,920 31	26,958 34	-	2,064 52
NEW ALBANY,	112,000 00	67,000 00	102,187 00	-	19,099 57	3,162 82	653 25	33,893 71	17,384 00	30,667 15	-	1,246 80
EVANSVILLE,	105,650 00	64,950 00	189,186 00	6,955 57	11,704 69	1,337 06	424 75	13,514 51	15,661 75	25,030 93	5,812 57	834 83
VINCENNES,	80,100 00	85,500 00	237,090 00	3,358 54	3,419 64	2,019 44	600 00	16,374 16	8,521 90	9,333 86	-	927 94
BEDFORD,	87,150 00	87,150 00	184,950 00	275 32	208 75	2,948 11	653 63	14,993 61	6,742 07	9,068 98	-	1,945 26
TERRE HAUTE,	118,650 00	92,350 00	290,282 00	6,921 21	13,934 01	1,438 84	692 51	31,063 08	12,139 62	24,523 33	-	1,709 71
LAFAYETTE,	111,050 00	135,500 00	263,355 00	5,663 42	2,928 54	1,547 83	674 88	23,818 35	27,078 72	21,142 65	10,102 78	518 42
FORT WAYNE,	39,000 00	89,000 00	281,822 00	2,967 94	-	2,188 04	600 00	26,581 61	13,386 12	33,608 00	-	832 76
SOUTH BEND,	80,000 00	32,441 62	205,873 00	348 37	1 50	422 11	400 00	18,724 57	1,503 29	17,280 31	-	296 23
MICHIGAN CITY,	80,000 00	77,450 00	240,942 00	6 78	3,328 37	1,923 51	600 00	12,274 83	7,433 75	9,609 75	-	1,306 07
	\$1,344,950 00	\$1,399,241 62	\$3,136,437 00	\$40,483 33	\$116,065 19	\$36,068 93	\$9,644 02	\$308,742 61	\$147,344 86	\$272,157 74	\$15,915 35	\$16,968 25

To follow page 100. Doc. Journal, Senate.

New Albany. 19,099 57

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OFFICERS AND COMPENSATION.

STATE BANK.

Samuel Merrill, President,	-	-	-	-	-	\$1,500 00
James M. Ray, Cashier, (including clerk hire,)	-	-	-	-	-	1,500 00

BRANCHES.

INDIANAPOLIS.

Hervey Bates, President,	-	-	-	-	-	\$800 00
B. F. Morris, Cashier, dwelling-house and	-	-	-	-	-	1,300 00
T. H. Sharpe, Teller,	-	-	-	-	-	1,100 00
J. P. Southard, Clerk and book-keeper,	-	-	-	-	-	350 00

LAWRENCEBURGH.

Daniel S. Major, President,	-	-	-	-	-	\$500 00
John P. Dunn, Cashier,	-	-	-	-	-	1,250 00
Henry H. Hobbs, Teller,	-	-	-	-	-	500 00

RICHMOND.

A. C. Blanchard, President,	-	-	-	-	-	\$500 00
Elijah Coffin, Cashier, (including clerk hire,)	-	-	-	-	-	1,500 00

MADISON.

J. F. D. Lanier, President,	-	-	-	-	-	\$1,000 00
John Sering, Cashier,	-	-	-	-	-	1,500 00
Isaac C. Lea, Book-keeper,	-	-	-	-	-	700 00
Samuel B. Sering, Clerk,	-	-	-	-	-	400 00

NEW ALBANY.

Mason C. Fitch, President,	-	-	-	-	-	\$700 00
James R. Shields, Cashier,	-	-	-	-	-	1,400 00
Victor A. Pepin, First Clerk,	-	-	-	-	-	800 00
William E. Fitch, Second Clerk,	-	-	-	-	-	400 00

EVANSVILLE.

John Mitchell, President,	-	-	-	-	-	-
John Douglass, Cashier,	-	-	-	-	-	\$1,200 00
Horace Dunham, Clerk,	-	-	-	-	-	600 00

VINCENNES.

D. S. Bonner, President,	-	-	-	-	-	-	-	
John Ross, Cashier,	-	-	-	-	-	-	-	\$1,500 00
G. W. Rathbone, Clerk,	-	-	-	-	-	-	-	600 00

BEDFORD.

William McLane, President,	-	-	-	-	-	-	-	\$500 00
Daniel R. Dunihue, Cashier,	-	-	-	-	-	-	-	700 00
Isaac Rector, Clerk,	-	-	-	-	-	-	-	500 00

TERRE HAUTE.

Demas Deming, President,	-	-	-	-	-	-	-	\$700 00
A. B. Fontaine, Cashier, dwelling-house and	-	-	-	-	-	-	-	1,000 00
Nathaniel Preston, Clerk,	-	-	-	-	-	-	-	500 00

LAFAYETTE.

Joseph S. Hanna, President,	-	-	-	-	-	-	-	
Cyrus Ball, Cashier, dwelling-house and	-	-	-	-	-	-	-	\$800 00
A. P. Linn, Teller,	-	-	-	-	-	-	-	800 00
George H. Harris, Clerk. Conting.	-	-	-	-	-	-	-	

FORT WAYNE.

Samuel Hanna, President,	-	-	-	-	-	-	-	\$400 00
H. McCulloch, Cashier, dwelling-house and	-	-	-	-	-	-	-	1,200 00
M. M. Hubbell, Teller,	-	-	-	-	-	-	-	850 00

SOUTH BEND.

L. M. Taylor, President,	-	-	-	-	-	-	-	
H. Chapin, Cashier, dwelling-house and	-	-	-	-	-	-	-	\$1,200 00
John Grant, Teller,	-	-	-	-	-	-	-	900 00
Rent for Banking-house,	-	-	-	-	-	-	-	275 00

MICHIGAN CITY.

Joseph Orr, President,	-	-	-	-	-	-	-	\$500 00
A. P. Andrews, Jr., Cashier,	-	-	-	-	-	-	-	1,400 00
Samuel Gordon, Jr., Teller,	-	-	-	-	-	-	-	600 00
John B. Niles, Attorney,	-	-	-	-	-	-	-	100 00

[*Note.* The information, as to the offering for sale the real estate, other than the banking-houses, held by the Branches, will be seen in the respective Branch reports submitted of the same date herewith.]

JAMES M. RAY, *Cashier,*

BRANCH STATE BANK OF INDIANA, }
Indianapolis, December 7, 1841. }

Hon. SAMUEL HALL,

President of the Senate.

SIR: I enclose a statement of the condition of this Branch as it was at the close of banking hours on the third Saturday of November, 1841.

Very respectfully,

B. F. MORRIS, *Cashier.*

State of the Branch at Indianapolis of the State Bank of Indiana, on the 20th November, 1841.

Dr.			Cr.
Notes discounted,	\$142,190 52	Capital stock,	\$295,300 00
Bills of Exchange,	151,675 07	Notes in circulation,	358,276 00
Suspended debt, on personal security,	15,516 75	Individual deposits,	35,366 29
		Surplus fund,	23,746 25
Suspended debt, on bonds and mortgages,	\$309,382 34	Permanent school fund,	850 00
Banking house and lots,	29,287 52	Commissioners sinking fund,	5,716 27
" State Bank,	1,841 81	" surplus revenue,	
Furniture and fixtures,	536 14	" internal improvement fund,	
Current expense,	205 18	" Wabash and Erie canal fund,	387 60
Protest,	43 12	State Bank of Indiana,	\$1,040 13
Indiana State Bonds,	39,000 00	Branch at Richmond,	378 54
Commissioners Sinking Fund,		" Lawrenceburgh,	
" Surplus Revenue,		" Madison,	
" Internal Improvement Fund,	90,818 95	" New Albany,	
" Wabash and Erie Canal Fund,		" Evansville,	
State Bank of Indiana,		" Vincennes,	
Branch at Richmond,		" Bedford,	323 60
" Lawrenceburgh,	528 52	Branch at Terre Haute,	1,742 27
" Madison,	6,414 41	" Lafayette,	
" New Albany,	90 98	" Fort Wayne,	
" Evansville,	80 64	" South Bend,	
" Vincennes,	277 18	" Michigan City,	
" Bedford,		Due to other banks—	
" Terre Haute,	157 58	Ohio Life Insurance and Trust Company, Cincinnati,	
" Lafayette,	414 04	Lafayette Bank, Cincinnati,	
" Fort Wayne,	179 46	Branklin Bank, Cincinnati,	645 21
" South Bend,	565 51	Commercial Bank, Cincinnati,	2,290 68

Michigan City,	75	59
<hr/>		
Due from other Banks, viz:		
Ohio Life Ins. and Trust Co., Cincinnati,	-	11,165 09
Lafayette Bank, Cincinnati,	29,788	64
Exchange Bank, Pittsburgh,	220	98
Bank United States,	-	144 15
Mechanics' Bank, Phila.,	-	3,931 61
Bank of Kentucky,	-	254 61
Bank of the Metropolis,	-	-
Bank of Pittsburgh,	55	23
New Orleans Canal & Banking Company,	-	9,995 00
	<hr/>	<hr/>
Remittance to Phila.,	-	-
" New York,	-	-
Cash, viz:		
Notes on other branches of State Bank,	-	25,555 00
Notes on other State Banks,	44,384	00
	<hr/>	<hr/>
Gold,	-	-
Silver,	-	1,904 43
	-	91,508 00
	<hr/>	<hr/>
	93,432	43
	<hr/>	<hr/>
	\$739,705	71
	<hr/>	<hr/>
	\$739,705	71

ANNUAL COMPENSATION PAID TO OFFICERS.

President,	-	-	-	-	\$800
Cashier,	-	-	-	-	1,300
Teller,	-	-	-	-	1,100
Clerk,	-	-	-	-	350

B. F. MORRIS, *Cashier.*

Bills Discounted,	-	-	\$192,754 74	Capital Stock paid in	-	-	\$282,000 00
Bills of Exchange,	-	-	149,771 92	Discount,	-	-	1,199 00
Suspended debt on Personal Security,	-	-	38,206 57	Exchange and Premiums on Eastern Checks,	-	-	1,767 73
Suspended debt on Bills,	-	-	8,900 00	Profit and Loss, Damages,	-	-	26 60
on B'ds and Mt'gs,	-	-	389,633 23	Interest,	-	-	162 46
Banking House,	-	-	9,955 79	Treasurer of United States,	-	-	3,155 79
Do. State Bank,	-	-	1,841 86	U. S. Pension Agent in Indiana,	-	-	133 18
Other Real Estate,	-	-	3,242 66	School Fund,	-	-	1,275 00
Furniture,	-	-	353 11	Surplus Fund,	-	-	40,762 63
Current Expense,	-	-	15,393 42	Unclaimed Dividend,	-	-	3,125 38
Due from State Bank	-	-	7 95	Due to other Branches, viz:	-	-	45,296 19
Branch at Indianapolis,	-	-	-	at Indianapolis,	-	-	581 52
" at Richmond,	-	-	-	at Richmond,	-	-	-
" at Madison,	-	-	-	at Madison,	-	-	677 45
" at New Albany,	-	-	-	at New Albany,	-	-	1 32
" at Evansville,	-	-	80 04	at Evansville,	-	-	-
" at Vincennes,	-	-	376 37	at Vincennes,	-	-	-
" at Bedford,	-	-	20 00	at Bedford,	-	-	-
" at Terre Haute,	-	-	174 85	at Terre Haute,	-	-	-
" at Lafayette,	-	-	64 00	at Lafayette,	-	-	-
" at Fort Wayne,	-	-	723 21	at Fort Wayne,	-	-	683 20
" at Michigan City,	-	-	-	at Michigan City,	-	-	1,943 49

" at South Bend,	
Bank Ohio Life Insu'ce and Trust Co.	1,670 76
Franklin Bank Cincinnati,	976 46
Commercial "	5,014 66
Mechanics & Traders "	
Lafayette	
Miami Exporting Company,	
Bank of Kentucky,	
Bank of Louisville,	
Merchants' Bank New York,	
Morris Canal and Banking Co.,	
Urbana Banking Company,	
Girard Bank, Philadelphia,	
U. States "	
Philadelphia Bank "	2,028 50
H. H. Goodman & Co.,	
Covington Branch, N. B'k Ky.,	
Merchants Bank, New Orleans,	1,538 16
Exchange Bank, Pittsburgh,	
Farmers and Mechanics Bank,	
Steubenville,	
Amer. Exchange Bank, New York,	81 63
Agency Ohio Life and Trust Compa-	
ny, New York,	360 20
Merchants' Bank, Baltimore,	20 44
	<hr/>
Remittance to New York,	3,000 00
Remittance to Cincinnati,	6,550 00
	<hr/>

11,690 81

at South Bend,	
Bank Ohio Life Insu'ce & Trust Co.	
Franklin Bank, Cincinnati,	
Commercial Bank,	
Mechanics & Traders Bank, Cincin.	
Lafayette Bank, Cincinnati,	279 26
Miami Exporting Company,	53 50
Bank of Kentucky,	1,099 88
Louisville,	16,684 75
Merchants Bank, New York,	
Morris Canal & Banking Co.,	
Girard bank, Philadelphia,	
Bank of U. S.	
Philadelphia,	
Covington branch, N. bank Ky.,	
Merchants Bank, New Orleans,	
Exchange Bank, Pittsburgh,	602 98
Urbana Banking Company,	
Farmers' and Mechanics' bank,	
Steubenville,	366 09
H. H. Goodman & Co.,	
Geo. H. Dunn, Treasurer of State,	917 75
George Milne & Co.	17 31
	<hr/>
Auditor of Public Ac'ts. of Indiana,	379 71
Remittance,	
Dividend Surplus Fund,	
Sinking Fund acc't. Sur. Revenue,	20,021 52
	<hr/>

82 12

Sinking Fund acc't. Surplus Revenue,		Commissioners of Sinking Fund,	
Indiana State Bonds, 6 per cent.,	52,000 00		5,781 65
Fund Commissioners,	47,783 31		6,243 48
Protest Account,	99,783 31	Suspense account,	- - -
Suspense Account,	103 32	Protest Account,	- - -
Cash, viz:		Suspended Interest,	1,435 08
Notes on other Branches of the		Certificates of Deposit,	1,843,38
State Bank of Indiana,	13,709 00	5's and upwards,	213,521 00
Notes on Banks of other States,		Under 5's,	27,200
Specie: Silver, 76,978 81 }		Circulation,	240,721 00
Gold, 500 00 }	77,478 81	Individual Deposits,	15,405 18
Checks,	91,187 81		
	<u>\$618,065 11</u>		<u>\$618,065 11</u>

JOHN P. DUNN, *Cashier.*DANIEL S. MAJOR, *President.*

BRANCH BANK, Lawrenceburgh, Dec. 1, 1841.

To the Hon. President of the Senate:

DEAR SIR—Annexed please find state of the Branch Bank of Indiana at Lawrenceburgh, as it was on the 20th November, 1841. The number of officers attached to this Branch is—

Daniel S. Major, President, with a salary of	- - - \$500.
John P. Dunn, Cashier,	- - - 1,250.
Henry R. Hubbs, Teller	- - - 500.

No rent paid—the real estate not having been owned a year has not been offered for sale.

Respectfully,
JOHN P. DUNN, *Cashier.*

To the Senate of the State of Indiana:

I beg leave to present you herewith, in accordance with the requisition in the 65th section of the Bank Charter, by direction and on behalf of the President and Directors of the Branch at Richmond of the State Bank of Indiana, a statement of the condition of this Branch on Seventh day, at 2 o'clock, in the afternoon, Eleventh month, 20th, 1841; together with the names of the officers, and the compensation to each.

All of which is respectfully submitted.

ELIJAH COFFIN, *Cashier.*

Branch Bank, Richmond, }
11th month, 22d, 1841. }

Dr. *State of the Branch at Richmond, of the State Bank of Indiana, on Seventh day, at 2 o'clock,* Cr.
P. M. 11th month 20th, 1841.

Notes Discounted,	-	\$231,891 80	Capital Stock,	-	\$231,000 00
Bills of Exchange,	-	33,825 25	Notes in circulation,	-	244,973 00
Suspended debt on personal security,	-	20,806 72	Individual deposits,	-	12,309 69
			Discount received,	903 71	
			Interest	7 67	
Suspended debt on Bonds and Mortgages,	-	286,523 77	Exchange and Premiums,	71 51	982 89
Banking House at Richmond,	3,272 90		Profit and loss,	-	
“ “ for State Bank,	1,841 80		School fund,	-	937 50
Furniture and Fixtures,	288 16		Surplus fund,	-	21,713 30
		5,402 86	Unclaimed dividends,	-	4,094 67
Other real estate,	-	3,200 00	State Bank of Indiana,	-	
Protest account,	-	101 87	Branch at Indianapolis,	-	
State Bank of Indiana,	-		“ Lawrenceburgh,	-	
Branch at Indianapolis,	-	307 82	“ Madison,	-	774 45
“ Lawrenceburgh,	-		“ New Albany,	-	
“ Madison	-		“ Evansville,	-	
“ New Albany,	-		“ Vincennes,	-	
“ Evansville,	-		“ Bedford,	-	
“ Vincennes,	-	90 00	“ Terre Haute,	-	
“ Bedford,	-	100 00	“ Lafayette,	-	
“ Terre Haute,	-	102 62	“ Fort Wayne,	-	
“ Lafayette,	-	230 00	“ South Bend,	-	
“ Fort Wayne,	-	98 45	“ Michigan City,	-	
“ South Bend,	-		Merchants' Bank, New York,	-	

Notes discounted,	-	\$282,824 82	Capital Stock,	-	\$318,150 00
Bills of exchange,	-	90,938 10	Circulation, \$5's and upwards,	180,680 00	
Under protest,	-	38,009 45	Under \$5,	15,600 00	
					196,280 00
Banking House,	-		Profit and loss,	-	2,064 52
Furniture and fixtures,	-	8,614 67	Surplus fund,	-	29,262 00
Banking House State Bank,	-	599 24	School fund,	-	1,282 50
Fund Commissioners of Indiana,	-	1,841 80	Individual depositors,	-	26,958 34
Commissioners of Sinking Fund,	-	31,004 99	Commissioners' Sinking Fund,	-	9,617 66
Indiana six per cent. stock,	-	38,000 00	Suspended interest,	-	4,302 65
CASH—			Dividends unpaid,	-	1,978 40
Other branches,	-	17,699 00	Branch at Indianapolis,	-	4,455 63
Other banks,	-	1,306 70	“ Lafayette,	-	1,276 31
Silver,	-	89,684 54	“ New Albany,	-	532 46
Gold,	-	769 37	“ Bedford,	-	829 05
Indiana Treasury Notes,	-	5,150 00	“ Michigan City,	-	178 59
			“ South Bend,	-	2,233 93
Branch at Terre Haute,	-	187 87	Commercial Bank, Cincinnati,	-	1,188 08
“ Lawrenceburgh,	-	750 24	Lafayette	“	-
“ Fort Wayne,	-	41 78	Franklin	“	974 20
“ Vincennes,	-	1,266 42	Far. & Mec.	“ Steubenville,	121 65
“ Richmond,	-	499 01	M. & M.	“ Wheeling,	1,919 82
“ Evansville,	-	567 90	N. Western	“ Virginia,	121 52
Commercial Bank, Cincinnati,	-		M. & M.	“ Pittsburgh,	3,281 06
Lafayette,	“	7,286 96	Exchange	“ Pittsburgh,	1,425 26
Franklin	“		Merchants'	“ Baltimore,	

Farmer's & M. Bank, Steubenville,	
M. & M. " Wheeling,	
N. Western " Virginia,	
M. & M. " Pittsburgh,	
Exchange " "	
Mechanics' " Baltimore,	1,194 05
Mechanics' " Philadelphia,	1,736 58
Mechanics' " New York,	2,082 01
S. & L. D. " Boston,	
Northern " Ky. Louisville,	
Union " Maryland,	2 25
State " Indiana,	425 00
Com. & R. R. " Vicksburg,	10,351 63
Bank of Ohio Life Ins. & Trust Co.,	2,920 91
" " Virginia, Charleston,	
" " Kentucky,	
" " Louisville,	
" " Pittsburg,	
Louisville Savings Institution,	
New Orleans Canal & Banking Co.,	67 92
	<hr/>
	28,680 53
	<hr/>
	\$635,123 21

Mechanics' Bank, Philadelphia,	
Merchants' " New York,	
S. & L. D. " Boston,	984 26
Northern " Ky., Louisville,	1,185 28
Bank of Ohio Life Ins. & Trust Co.,	
" " Virginia, Charleston,	1,057 11
" " Kentucky,	2,177 65
" " Louisville,	18,775 20
" " Pittsburg,	636 34
" " Metropolis,	1 75
Louisville Savings Institution,	345 40
New Orleans Canal & Banking Co.,	
Portland D. D. & In. Co.,	512 93
Mechanics' Savings In. Louisville,	679 91
St. Louis Gas-light Co.,	333 75
	<hr/>
	45,227 14

\$635,123 21

JOHN SERING, *Cashier.*

OFFICERS.

J. F. D. Lanier, President, salary	-	-	-	\$1,000
John Sering, Cashier, “	-	-	-	1,500
Isaac C. Lea, Book-keeper, “	-	-	-	700
Samuel B. Sering, Clerk, “	-	-	-	400

State of the Branch at New Albany of the State Bank of Indiana, November 20th, 1841.

Dr.			Cr.
Notes discounted,	\$197,404 40	Capital stock,	\$199,100 00
Bills of exchange,	47,212 67	Notes issued and in circulation,	182,187 00
Suspended debt,	11,355 30	Commissioners sinking fund,	3,600 00
		“ “ S. R.,	1,440 00
Due from banks,	-	M. C. Fitch, Pres't,	5,791 27
Banking house and lot,	28,000 00	Suspended interest,	6,290 34
Banking house at Indianapo-		Treasurer State of Indiana,	261 30
list -	1,841 80	Due to Banks,	19,099 57
		Dividend account,	\$3,162 82
Protest account,	98 83	Deposit “	29,124 40
Expense account,	33 62	Certificates of deposit,	1,542 75
			33,829 97
Canal fund commissioners,	-	Discount account,	954 35
State bonds,	-	Premium “	326 07
Suspense account,	-		1,280 42
Cash on hand as follows:		Surplus fund,	33,893 71
Other branch notes,	21,066 00	School “	653 25
Other State Bank notes,	6,272 00		
Gold,	2,324 63	Postage account,	1 09
Silver,	67,282 16		
			\$487,427 92
			<u>\$487,427 92</u>

We do hereby certify that the foregoing exhibits a true and correct statement of the condition of the Bank on the third Saturday of November, 1841, at 2 o'clock, P. M., of said day.

The officers of this Branch are a president, whose salary is seven hundred dollars per annum ; a cashier, at a salary of one thousand four hundred dollars ; a 1st clerk, at a salary of eight hundred dollars ; and a 2d clerk, at a salary of four hundred dollars.

M. C. FITCH, *President.*

J. R. SHIELDS, *Cashier.*

Bills discounted, - - -	\$155,045 39	Capital stock paid in, - - -	\$190,600 00
Domestic bills of exchange, - - -	49,211 19	Discount, - - -	639 02
Suspended debt on personal security, - - -	19,943 00	Exchange, - - -	402 56
Suspended debt on bills, - - -	5,845 00	Profit and loss, - - -	1,041 58
Banking house, - - -	28,783 15	Suspended interest, - - -	5,812 57
State banking house, - - -	1,841 80	Surplus fund, - - -	14,837 25
Current expense, - - -			13,514 51
Deposites in and dues from other branches and banks, viz:—			28,351 76
Branch at Vincennes, - - -	1,259 10	Permanent fund, - - -	424 75
“ Lafayette, - - -	57 70	Sinking fund, - - -	824 50
Branch Bank, Mount Carmel	251 73	Unclaimed dividends, - - -	1,337 06
Bank of Missouri, - - -	221 50	Deposites by, and dues to other branches and banks, viz:—	2,586 31
Bank of Illinois, - - -	472 82	Branch at Indianapolis, - - -	89 02
Bank of Lawrenceville, - - -	276 07	“ Lawrenceburgh, - - -	80 04
Bank of Louisville, - - -	753 21	“ Madison, - - -	947 61
Ohio Life Insurance and Trust Co., Cincinnati, - - -	9 00	“ New Albany, - - -	4,960 69
Commercial Bank of Cincinnati, - - -	176 91	“ Bedford, - - -	75 00
Commissioners of Canal Fund, - - -	107,919 59	“ Terre Haute, - - -	803 21
State Bonds, - - -	19,000 00	Bank of Kentucky, - - -	6,955 57
		Phoenix Bank New York, - - -	6,603 62
		Merchant's Bank New York, - - -	326 66
		New Orleans Canal and Banking Company, - - -	1,762 46
			1 92

State bank,	-	-	\$528 00	127,447 59		Exchange Bank, Pittsburgh,	897 76
CASH, viz:						North Western Bank Virginia,	514 49
Other Branches of State Bank						Mech. & Mech's Bank Wheeling,	133 60
of Indiana,	-	-	1,427 00			Farmers' & Mech's B'k Steubenville,	247 08
Other State banks,	-	-	565 00			Lafayette Bank, Cincinnati,	283 13
Gold,	-	-	1,758 57			Union Bank Tennessee,	248 00
Silver,	-	-	65,706 93	69,457 50		American Exchange Bank,	42 97
						Branch Bank Hopkinsville,	638 00
							11,704 69
						Individual deposits,	25,020 93
						Circulation,	189,186 00
							214,206 93
							\$461,259 41

JOHN DOUGLASS, *Cashier.*

EVANSVILLE BRANCH BANK, }
 November 25th, 1841. }

The board of Directors of the Evansville Branch of the State Bank of Indiana, beg leave to report to the General Assembly of Indiana, that the enclosed exhibits a statement of the condition of the said branch, as the same was found on the 20th day of November, 1841, and contains all the items required to be reported upon by the 65th section of the charter of said Bank, with the exception of the number of officers in this branch, and the amount of compensation to each, which are as follows:

John Mitchell, President,	- - -	No salary.
John Douglass, Cashier,	- - -	\$1,200 per annum.
Horace Dunham, Clerk,	- - -	600 " "

All which is respectfully submitted.

JOHN MITCHELL, *President.*
 JOHN DOUGLASS, *Cashier.*

BRANCH AT BEDFORD OF THE STATE BANK OF INDIANA, }
December 2d, 1841. }

To the Hon. SAMUEL HALL,

President of the Senate, &c.

SIR—I herewith transmit you the annual report of this institution, showing its condition on Saturday the 20th ultimo, at 2 o'clock, P. M.

Very respectfully,

D. R. DUNIHUE, *Cashier.*

The officers of this Branch are as follows:

William McLane, President, salary	-	-	Not fixed.
Daniel R. Dunihue, Cashier, “	-	-	“
Isaac Rector, Clerk, “	-	-	“

The real estate held by this branch has been regularly offered for sale according to law.

D. R. DUNIHUE, *Cashier.*

Dec. 2d, 1841.

Bills discounted,	-	\$128,396 16		Capital stock paid in,	-	\$174,300 00
Bills of Exchange,	-	52,836 46	181,232 62	Discount,	-	694 20
Suspended debt on personal security,	-	47,828 08		Exchange,	-	276 55
Suspended debt on bills,	-	13,925 05		Premium,	-	1,050 06
" on bonds and mortgages,	-	2,026 50		Interest,	-	59 90
Banking House of State Bank,		1,841 80	63,779 63	Treasurer of State,	-	2,080 71
Other real estate,	-	1,466 41		Commissioners of the Sinking fund,	3,535 57	145 86
Banking house of this Branch,		1,572 38		do on acct. Surplus		
Furniture and fixtures,	-	142 00	5,023 09	Revenue,	-	41 40
Current expense,	-	135 45		Fund Comr's of Indiana on act. of		
Protest,	-	134 02		Surplus Revenue,	-	250 25
Due from other Branches, viz:				Surplus fund,	-	14,993 61
From the Branch at Indianapolis,				Permanent [school] fund,	-	653 63
Madison,	407 99			Unclaimed dividends,	-	2,948 11
Evansville,	760 82			Dues to other branches, viz:		
Vincennes,	922 15			Branch at Richmond,	-	100 00
Terre Haute,	373 40			" New Albany,	-	175 32
Lafayette,	266 33			Due to other Banks, viz:		
				Bank of Kentucky,	-	208 75
				Suspended interest,	-	2,551 12
				Suspended tax,	-	217 87
			2,805 69			2,768 99

Due from other Banks, viz:			
From the Bank of Louisville,	2 50		184,950 00
“ “ Louisville Savings Institution,	- 1,938 90		- 9,088 98
From the Commercial Bank of N. Orleans,	- 342 75		
From the Merchant's Bank of the City of N. York,	- 219 34		
From the Com'l Bank Pennsylvania, at Philadelphia,	- 394 73	2,898 22	
Fund Comr's of Indiana,	- 22,877 33		
Remittance to Louisville,	- 2,905 00	25,782 33	
CASH, viz:			
Notes of other branches of the State Bank of Indiana,	- 28,430 00		
Notes of other State Banks,	- 6,412 00		
Indiana Treasury Notes,	- 3,165 00		
Silver,	- 58,550 45		
Gold,	- 17,887 18		
Cents,	- 5 50		
		114,450 13	
			\$396 241 18
			\$396,241 18
Notes payable on demand, Individual deposits,			194,038 98

D. R. DUNIHUE, *Cashier.*

Bills discounted,	-	215,087 22	Capital Stock paid in,	-	211,000 00
Bills of Exchange,	-	40,818 55	Discount,	-	930 53
Suspended debt,	-	37,777 03	Exchange,	-	741 85
		293,682 80	Interest,	-	19 33
Banking house for this branch,		11,618 93	Damages,	-	64 00
State bank,		1,841 80			1,755 71
Furniture,	-	656 25	School fund,	-	692 51
			Unclaimed dividend,	-	1,438 84
Current expense,	-		Due to other branches, viz:		
Protest,	-		Branch at Indianapolis,	-	45 14
Due from other branches, viz:			Lawrenceburgh,	-	20 00
Branch at Evansville,	-	101 66	Richmond,	-	102 62
Michigan City,	-	44 82	Madison,	-	1,620 75
			New Albany,	-	17 59
Due from other Banks, viz:		146 48	Vincennes,	-	4,549 42
Philadelphia Bank,	-	5,877 81	Bedford,	-	368 34
New York Dry Dock Co.,	-	53 16	Lafayette,	-	68 35
Franklin Bank of Cincinnati,	-	5,030 60	South Bend,	-	129 00
Commercial Bank of Cincinnati,	-	2 84			6,921 21
Merchant's Bank, New York,	-	54 29	Profit and loss,	-	2,317 40
Bank of Illinois, Vandalia,	-	413 77	Due to other Banks, viz:		
Clinton Bank, Columbus,	-	99 00	Bank of Kentucky,	-	1,105 87
Southwark Bank, Philadelphia,	-	18 77	Bank of Louisville,	-	10,718 98
Merchant's Bank, Baltimore,	-	1,696 52	Northwestern Bank of Virginia,	-	30 20
			Commercial Bank, New Orleans,	-	964 02
State of Indiana,	-		Bank of Missouri,	-	45 00

Indiana State Scrip, - -
 Suspense account, - -
 Indiana Fund Commissioners,

CASH, viz:

Notes on other branches of the

State Bank of Indiana, - 30,490 00

Notes on Banks of other States, 15,795 00

SPECIE:

Silver, - - - 102,513 25

Gold, - - - 30,997 87

179,796 12

\$593,770 21

1,012 05
 4,000 00
 29,607 75

Bank of Illinois, Shawnetown,
 Urbana Banking Company,
 Exchange Bank, Pittsburg,
 Far. & Mech's. Bank, Steubenville,

13,934 01

Surplus fund, - - - 31,083 08

Commissioners of Sinking Fund, 3,379 81

34,462 89

Treasurer United States, -

Certificates of deposit, -

6,442 41

Circulation, - - - 290,282 00

Individual deposits, - - - 23,747 36

314,029 36

125

D. DEMING, *President.*
 A. B FONTAIN, *Cashier.*

\$593,770 21

OFFICERS IN THIS BRANCH AND THEIR PAY PER ANNUM.

Demas Deming, President,	-	-	-	-	\$700.
Aaron B. Fontaine, Cashier,	-	-	-	-	1,000.
Nathan'l Preston, Clerk,	-	-	-	-	500.

NOTE.—The “State Scrip” was received *on a Canal estimate* held by us in the spring of 1840; this is the only sum of that paper we have ever received.

A. B. FONTAINE, Cashier.

Notes discounted, (prompt notes included in this amount \$14,697,) - - - - -	\$196,256 72		Capital stock paid in, - - -	\$246,650 00
Domestic bills of Exchange, - - - - -	44,518 04	240,775 06	Discount, - - - - -	504 22
Suspended debt on personal security, - - - - -	19,152 69		Premium, - - - - -	71 32
Suspended debt on personal security in suit on notes, - - - - -	44,718 76		Profit and loss, - - - - -	10,102 78
Suspended debt on bills, - - - - -	5,000 00		School fund, - - - - -	674 88
“ “ on personal security in suit on bills, - - - - -	3,731 51		Surplus fund, - - - - -	23,818 35
Banking house, - - - - -	12,573 70	72,602 96	Com'r's Sinking fund on act. Surplus Revenue, - - - - -	90 00
State Banking house, - - - - -	1,841 80		Unclaimed dividends, - - - - -	1,547 83
Other real estate, - - - - -	10,047 40		Certificates of deposit, - - - - -	4,160 09
Furniture, - - - - -	617 34		Geo. H. Dunn, Treasurer, - - - - -	282 38
Current expense, - - - - -	57 12		Suspended interest acct., - - - - -	26,706 34
Protest account, - - - - -	198 09			
Deposites in and dues from other branches and Banks, viz:			Deposites by and dues to other branches and Banks, viz:	67,958 19
Branch at Terre Haute, - - - - -	626 37		Branch at Indianapolis, - - - - -	415 89
Fort Wayne, - - - - -	18 89		Lawrenceburgh, - - - - -	174 85
Commercial Bank, Cincinnati, - - - - -	5,208 26		Richmond, - - - - -	230 00
			Madison, - - - - -	3,236 38
			New Albany, - - - - -	349 14
			Evansville, - - - - -	67 70
			Vincennes, - - - - -	913 52
			Bedford, - - - - -	195 93
			South Bend, - - - - -	100 01
		645 26		
			Morris Canal and Banking Co., - - - - -	48 26

Life Insurance and Trust Co.,	3,075 70	Bank of Hamilton, Ohio,	-	453 65
Merchants' and Manufacturers'		Farmers' and Mech. Bk. Steu-		
Bank, Pittsburg,	2 24	benville,	-	142 16
Bank of Circleville,	150 00	Bank of America, N. Y.,	-	1,572 47
Bank of Kentucky,	71 05	Exchange Bank, Pittsburg,	-	189 50
Bank stock,	3,508 12	Danville Branch Bank Illinois,		122 50
	<u>12,015 37</u>			<u>2,523 54</u>
Fund Com'rs of Indiana,	162,563 87	Circulation,	-	283,355 00
Interest to 1st Nov., 1841,	26,706 34	Individual deposits,	-	16,982 56
	<u>189,270 21</u>			
CASH, viz:				
Other branches of the State				
Bank of Indiana,	2,080 00			
Other State Banks,	13,420 00			
Silver,	66,247 50			
Gold,	765 90			
	<u>82,513 40</u>			
	<u>\$623,157 71</u>			
				<u>\$623,157 71</u>

CYRUS BALL, *Cashier.*

OFFICERS.

Joseph S. Hanna, President,	-	-	-	-	
Cyrus Ball, Cashier, salary	-	-	-	-	\$800.
A. P. Linn, Teller, “	-	-	-	-	800.
Geo. H. Harris, Clerk,	-	-	-	-	Conting.

The real estate owned by this branch other than that used for banking purposes, valued as above, has been regularly offered for sale according to the provisions of the charter.

BRANCH BANK, }
 Vincennes, Nov. 24, 1841. }

To the Hon. the President of the Senate of Indiana:

The board of Directors of the Branch at Vincennes of the State Bank of Indiana, respectfully submit to you the annexed statement, showing the condition of this institution on the 20th inst., agreeably to the 65th section of the charter, together with a list of its officers and their salaries.

For the directors,

D. S. BONNER, *President.*

Officers and their salaries:

D. S. Bonner, President,	-	-	-	No salary.
John Ross, Cashier,	-	-	-	\$1,500 per annum.
Geo. W. Rathbone, Clerk,	-	-	-	600 " "

Notes Discounted,	-	-	\$135,650 78	Capital stock paid in:		
Bills of Exchange,	-	-	18,047 98	By the State,	-	- \$80,000 00
Suspended debt on personal security,*	-	-	21,738 00	“ Individuals,	-	- 80,000 00
Suspended debt on bills,*	-	-	7,000 00	For use of Knox county,	-	- 5,500 00
						<u>165,500 00</u>
Banking house,	-	-	17,000 00	Individual deposits,	-	- 9,333 86
Other real estate. (lot,)†	-	-	2,400 00	Surplus fund,	-	- 16,374 16
Furniture and fixtures,	-	-	861 56	School fund,	-	- 600 00
State Bank banking house,	-	-	1,841 80	Dividends unclaimed,	-	- 2,019 44
						<u>18,993 60</u>
Due from other branches:				Circulation,	-	- 237,690 00
Branch at Terre Haute,	-	-	4,095 80	Due to other Branches:		
Lafayette,	-	-	913 52	Branch at Lawrenceburgh,	-	- 51 37
				Madison,	-	- 365 39
Due from other Banks, viz:				New Albany,	-	- 240 24
Bank of North America, Philadelphia,	-	-	14,369 79	Evansville,	-	- 1,631 52
Merchants' Bank, New York,	-	-	696 81	Bedford,	-	- 1,070 02
Merchant's Bank, Baltimore,	-	-	948 00			<u>3,358 54</u>
Commercial Bank, Cincinnati,	-	-	381 37	Due to other Banks, viz:		
Bank of Illinois at Lawrenceville,	-	-	234 14	Bank of Kentucky, Louisville,	-	- 144 96
State Bank of Illinois at Mount Carmel,	-	-	1,665 18	Bank of Louisville,	-	- 3,274 68
						<u>3,419 64</u>
Profit and loss,	-	-	-	Suspended int. on State debt,	-	- 4,511 57
				Auditor of State for tax on individual stock,	-	- 380 96
				Commissioners of Sinking fund,	-	- 3,629 37
						<u>4 72</u>

Indiana Fund Commissioners, CASH, viz:	40,457 95	Discount, Exchange,	347 68 30 26
Other Branches of the State			
Bank of Indiana, - -	10,700 00	- -	- -
Other State Banks, - -	23,125 00	- -	- -
Gold, - - - -	12,000 00		
Silver, - - - -	78,563 08		
	<u>129,388 08</u>		
	<u>\$447,745 48</u>		
			<u>927 94</u>
			<u>\$447,745 48</u>

* \$10,000 or upwards, but temporarily suspended.

† Not sold for want of bidders.

JOHN ROSS, *Cashier*.

To the Hon. the President of the Senate, of the State of Indiana:

The following is respectfully submitted as the condition of the Branch at Fort Wayne of the State Bank of Indiana, on the third Saturday of November, 1841.

The real estate owned by this branch, other than that which is "required for its immediate accommodation in the convenient transaction of its business," was taken to satisfy a debt due the branch, has been duly offered at public sale, according to the charter, and not sold for want of bidders.

OFFICERS.

Samuel Hanna, President, salary	-	-	\$400	per annum.
H. McCulloch, Cashier, " "	-	-	1,200	" "
M. W. Hubbell, Teller,	-	-	850	" "

Bills discounted,	-	151,797 64	Capital stock,	-	-	112,141 62
Bills of Exchange,	-	20,910 89	Discount,	-	-	155 05
Suspended debt,	-	40,873 60	Premium,	-	-	162 19
			Interest,	-	-	12 74
Banking House, (lot, and new banking house nearly com- pleted,) - - -		213,582 13				329 98
State banking house, - - -		11,173 13	Suspended discount,	-	-	1,500 00
Other real estate, (so much has been advertised for sale as has been one year in posses- sion of Bank,) - - -		1,841 80	School fund,	-	-	400 00
Furniture, - - -		6,000 00	Surplus fund,	-	-	18,724 57
Current expense, - - -		501 21	Unclaimed dividend,	-	-	422 11
Protest, - - -		31 75	Fund Commissioners,	-	-	3 29
		116 85				825 40
Due from other Branches:			Due to other Branches:			
Branch at Madison, - - -		19,664 74	Branch at Indianapolis	-	-	348 37
Terre Haute, - - -		2,332 52	Due to other Banks:			1 50
Vincennes, - - -		139 00	Seneca County Bank,	-	-	205,873 00
Lafayette, - - -		30 00	Circulation,	-	-	
Fort Wayne, - - -		98 26	Individual depositors,	-	-	13,919 17
Michigan City, - - -		61 00	Certificates issued,	-	-	3,361 14
		764 90				17,280 31
Due from other Banks:		3,425 68				
Bank of Michigan, - - -		69				

Bank of Constantine, - - -	3 25	
“ Buffalo, - - -	145 29	
Br. of Farmers' & Mech. Bank, St. Joseph, - - -	2 32	
City Bank, New York, - - -	336 25	
Bank Rockester, - - -	43 09	
Remittance, - - -	20 00	1,051 39
State bonds, - - -	11,000 00	
State scrip, - - -	195 00	11,195 00
CASH, viz:		
Other branch paper, - - -	26,264 00	
“ Bank paper, - - -	3,704 00	29,968 00
SPECIE:		
Silver, - - -	77,601 38	
Gold, - - -	536 43	78,137 81
		<u>\$357,024 75</u>

\$357,024 75
H. CHAPIN, *Cashier*.

OFFICERS OF THIS BRANCH WITH THEIR SALARIES:

President,	-	-	-	-	-	-	-	No salary.
Cashier, salary,	-	-	-	-	-	-	-	\$1,200.
Teller, " "	-	-	-	-	-	-	-	900.

Rent paid for banking house per annum, \$275.

Notes discounted,	-	\$95,581 36	Capital stock paid in,	-	-	\$ 157,450 00
Bills of exchange,	-	129,194 61	Notes issued,	-	-	297,000 00
Suspended debt on personal security,	-	33,478 68	Surplus fund,	-	-	12,274 83
			Indiana State Fund Commission-			
ers,		258,254 65	-	-	5,394 49	
Banking house,	-	1,111 00	Sinking fund commissioners,	-	135 00	
" " for State Bank,	-	1,841 80	Surplus Revenue fund "	-	45 00	
Other real estate,	-	11,588 79				5,574 49
						600 00
Indiana State six per cent. bonds,			School fund,	-	-	1,923 51
Furniture and fixtures,	-		Unclaimed dividend,	-	-	1,283 16
Due from other Branches, viz:			Suspended items,	-	-	
Branch at Lawrenceburgh,	683 20		Certificates of deposit,	-	1,228 00	
Madison,	67 76		Individual deposits,	-	8,381 75	
Vincennes,	1,190 00					9,609 75
Terre Haute,	100 18		Due to other Branches, viz:			
Fort Wayne,	1,981 12		Branch at Indianapolis,	-	2 00	
South Bend,	1,123 85		New Albany,	-	4 78	
						6 78
			Due to other Banks, viz:			
CASH, viz:		5,146 11	Girard Bank, Philadelphia,		10 00	
Silver,	-	82,802 93	Commercial Bank, Cincinnati,		2 00	
Gold,	-	1,087 96	American Exchange Bank, New			
Notes of this Branch,	-	56,158 00	York,	-	785 50	
" other Branches,	-	58,365 00	Geo. Smith & Co., Chicago,	-	2,530 87	
" other State Banks,	-	671 00				3,328 37
			Interest Surplus Revenue of Porter county,			28 50

OFFICERS.

Jos. Orr, President, salary,	-	-	-	-	\$500 per year.
A. P. Andrew. Jr., Cashier, salary,	-	-	-	-	1,400 " "
Sam'l Gordon, Jr. Teller,	"	-	-	-	600 " "
John B. Niles, Attorney,	"	-	-	-	100 " "

REPORT

OF THE

INVESTIGATING COMMITTEE,

Appointed by the Senate,

TO INVESTIGATE THE TRANSACTIONS OF THE

DIFFERENT AGENTS OF THE STATE.

INDIANAPOLIS:

DOWLING AND COLE, STATE PRINTERS,

1842.

REPORT.

The select committee of the Senate, appointed to investigate the conduct of the present and late fund commissioners, the agent of the State Bank in negotiations for loans of money for State stock in said bank, and the present and late members of the Board of Internal Improvement, have discharged the duties imposed on them by said resolution, and respectfully report: That your committee, in entering upon the discharge of these duties, were impressed with the belief that the Senate designed that their examination into the matters embraced in said resolution, should be of the most thorough and scrutinizing character, and that every rumor touching the malconduct and negligence of said officers, and the causes of the losses sustained by the State in consequence of the negligence, fraud, or ill-conduct of all, or any of those to whom such high trusts were committed by law, should be fully ascertained, to the end that each one of said officers should bear a just share of public censure, or be relieved from the indiscriminate condemnation which an ignorance of the true state of facts by the public, might attach with equal severity to the innocent and guilty, the most exemplary and the most abandoned of the public functionaries. The investigation was alike due to the public, and the officers unjustly implicated by public opinion, in the official malfeasance of others.

Your committee accordingly have given the widest range to their inquiries, allowable by the most liberal construction of the resolution under which they acted, and have pursued their inquiries into all the alleged abuses which have in any way come to their knowledge, with as diligent and close a scrutiny as was possible in the time allowed them. The testimony, which they have gathered from an examination of the officers themselves, and of those witnesses, whose attendance they were enabled to procure, is herewith submitted in continuous record. This testimony your committee believe, discloses the whole of the transactions of the public functionaries named in the resolution, as fully and as fairly as can ever be done. This body of testimony contains, at once the inculpatory charges of the accusing witnesses, the exculpatory denials and explanations of the accused, and the testimony sustaining, excusing, or refuting these charges. Except by regular legal issues, submitted to the sifting process of judicial investigation, your committee can conceive of no method of examination better calculated to elicit the truth. Every officer and witness was sworn to

testify the truth, the whole truth, and nothing but the truth touching the matters under investigation, and the questions propounded were designed to cover the whole ground. Your committee, acting upon the belief that facts disclosed by their examination, are all that can be known about the matters under investigation, come now to the most difficult, and delicate part of their duties. The judgment which they pronounce on these facts has not been a little embarrassed by the difficulty of distinguishing between those evils which are properly attributable to the legislation under which these officers have acted, and the consequences of their negligence or malconduct.

Your committee believe, however, it will be seen, that they have not been unmindful of their duty, in making this just discrimination. They have been careful, (as far as their powers of discrimination extended) to attribute to the law the bad consequences which had their origin in legal enactments. But while a regard to justice has induced your committee to keep in view, during their whole examination, this distinction, they have not failed to note those acts of the officers whose conduct have been under investigation, as are manifestly not sanctioned by law.

MR. ALEXANDER F. MORRISON.

This gentleman was a member of the board of Internal Improvement, and acting Commissioner on the northern division of the Central Canal, during the time between the 1st September 1839, and the 1st of March 1840; being a little less than six months.

In order that a just conclusion may be arrived at, with regard to his conduct, it is proper to state the arrangement made by the board of Internal Improvement, for a division of its labors. Each member of the board was appointed acting Commissioner on the work near which he resided, with very ample and ill-defined powers. He made lettings, disbursed funds, and exercised a general supervisory control over the work committed to his charge. Indeed he was invested by the board with its entire powers, so far as the work committed to him was concerned, subject only to the restrictions imposed by the orders and resolutions of the board at their stated meetings. These orders and resolutions usually prescribed the amount of the contracts, which he was allowed to make within a given period of time, and a restriction was laid upon him as to territorial limits. It is obvious that the general power of conducting the system was conferred by law on the whole board, and whenever, in the discharge of their duties, any portion of their authority was delegated to a single member it must be exercised in conformity with the terms, and under the restrictions, dictated by the board. To permit a departure from this rule, would be attended with consequences the most serious. It would enable a

single member of the board to commit the State to contractors, for larger amounts of money than the means of paying, at the command of the State, would discharge. It would enable any member of the board to counteract the plan of operations adopted by the whole. Its tendency would be to embarrass and prevent any concentration of the public means upon a given work, even although the Legislature, or the board of Internal Improvement should afterwards desire it. And lastly the act itself cannot be viewed otherwise than, as an assumption of authority not delegated, and a violation of law. Your committee conceive that the overlettings which they shall hereafter notice, greatly aggravated the evils of the system of Internal Improvement. These overlettings increased the amount of indebtedness of the State to contractors, at the time when the means of payment failed, in the year 1840, which was the same year Mr. Morrison's term of service expired. It increased the amount of the treasury note emission, which is likely to remain as a permanent mortgage of the taxing power of the State, for years to come, rendering the whole process of collecting and disbursing the revenue, nothing more than the disbursing of a large amount of money to revenue agents, to gather State scrip, which we burn when received. Violations of law and breaches of public duty, attended with consequences like these, your committee cannot look at as trivial. The next question is, did Mr. Morrison overlet, and to what amount? we quote his words on this head, Mr. Morrison says, "Large lettings were advertised to take place by my predecessor, some of which were postponed by him, to take place after his term of office expired, and I proceeded to make said lettings, together with such other sections of the line as required to be commenced, in order that the work on the district let, might be finished simultaneously. Several sections of the line below the feeder dam at Broad Ripple were finished under my superintendence in order to let the water to Indianapolis that fall, and these sections required funds to pay for their completion.

The other lettings at Andersonstown and Noblesville, were made so as to give contractors two year's time to complete their jobs; and but small payments were made upon them during my official existence. *If all the work let and prosecuted under my direction, had been finished, I should have let beyond the appropriations by the board some ninety-one or ninety-two thousand dollars; and as an excuse for so doing, (if an excuse were wanting by me,) I could urge that the work required such lettings; in which opinion I was sustained by the engineers, and when I reported the same to the board, I have no recollection of any member thereof having or expressing a different opinion. The board never appropriated one cent for any of my work after I came into office, and much work must have ceased on the northern division of the Central canal, had I not, under the concurrent opinion of all classes of the community, and eminent public functionaries, proceeded with the work. Indeed it was considered that the State would complete this northern portion of the Central canal as soon as the work could be executed at fair prices, and on examina-*

tion of the prices at which I made the lettings, it will be seen that they averaged less than the estimates made by the engineers ; and so low were they that no contractor was able to make more than a bare living from his job. I seek to evade no responsibility on a charge of overletting, for the reason that the amounts previously appropriated by the board were merely conjectural amounts, and if found too small, were invariably extended, and all expenditures covered by additional appropriations." Mr. Morrison then proceeds to draw an argument in favor of the wisdom of his lettings, from the fact that Gov. Noble subsequently prosecuted them vigorously, up to the time when the State suspended payment on the public works. After recapitulating these reasons for his conduct, by way of a general summary of the grounds of his defence, Mr. Morrison proceeds to state that these overlettings, as they were called, were referred to the Legislature of 1839 and 40 ; that the Legislature made no objections to them, but on the contrary empowered Messrs. Noble and Williams still to prosecute them, &c.

This is Mr. Morrison's avowal and defence. He acknowledges having exceeded the appropriations of the board, some 91 or 92,000 dollars. His arguments in his defence are various, and in the judgment of the committee untenable in whole or in part. Your committee conceive, that the discretionary power of determining the amount of lettings to be made, were vested in the whole board, not in Mr. Morrison. And it would be a sufficient answer to all of Mr. Morrison's reasoning on the expediency of a larger appropriation, to say that it was not made by the board, and he had no right to make it himself. The board prescribed the limits of his operations, and your committee conceive, that the power delegated to him, was on the condition of his not transcending those limits. His doing so was a breach of the trust confided to him, and a violation of law. Your committee cannot countenance the doctrine that a single member of the board had a right to arrogate to himself, the powers given by law to the whole body. The committee do not conceive that Mr. Morrison's offence is in any degree mitigated, by the opinions of his subordinate engineers, or by what he calls the "concurrent opinion of all classes of the community and of eminent public functionaries." The community had spoken to him in the law creating his office, and until that law was repealed or amended, he cannot plead in his justification that they held to him a different language from that apparent in the letter of the statute. The eminent public functionaries alluded to, are not specified ; but if they were, your committee cannot conceive that their opinions could justify or excuse so manifest a violation of law as these overlettings were. It is not alleged by Mr. Morrison, that the lettings advertised by his predecessor would have exceeded the appropriation, although it is mentioned that large lettings were advertised. Mr. Morrison distinctly states that he proceeded to make the lettings advertised, and others which had not been advertised by his predecessor. If his predecessor's inceptive acts would have led to a violation of the orders of the board, (of which we have

evidence,) it was his duty not to have followed them out. The expediency of these overlettings may also be well questioned. It is well known that the means of the State, for the prosecution of these works, were limited by the amount of money annually obtained by the sales of her bonds. It was the business of the board to take into consideration the probable amount of means to be thus realized within a given period, and to so regulate the expenditures on the several lines, that the lettings should not exceed the ability of the State to pay. Mr. Morrison was limited by the board, and without due regard to the ability of the State to pay, as indicated in the order of the board, proceeds to make unauthorised lettings, to the amount of 91 or 92,000 dollars. If all the members of the board had acted in the same manner, the excess of lettings, over and above the probable means of the State, in that short period of six months during which he acted, would have amounted to \$828,000 or \$1,756,000 in one year. As to the plea set up by Mr. Morrison, that the amounts appropriated by the board were conjectural, it may well be answered; that conjectural or positive, they were designed to fix a limit to his operations.

If the excess had been small, this plea might have availed him, but the amount overlet was so large as to leave no reason to believe, that Mr. Morrison designed to have a proper regard to the bounds prescribed for him by the board. These lettings were not harmless in their consequences, as they added to the amount of the indebtedness of the State to contractors, and resulted in an increased emission of treasury notes, which are stopping the sources of State revenue, and operating injuriously on the currency of the county. We can by no means admit Mr. Morrison's last plea of the subsequent tacit assent of the board and the Legislature, to his illegal acts; a wrong act cannot always be undone, and the Legislature and the board might well feel a repugnance to repudiate the contracts made, by an accredited agent of the State, with her citizens. Your committee feel well assured that the State would even now be pleased to be relieved from the obligation of those contracts, could it be done with a due regard to public faith, and the honor of the State.

Your committee believe that these acts have resulted so injuriously to the interest of the State, that heavy damages could not fail to be assessed against the commissioner, and therefore recommend that his official bond be put in suit.

GENERAL LONG.

One of the charges against this gentleman, is that of overletting. The following is a copy of the first order of the board under which he acted:

Under the proceedings of the board of Internal Improven 10th March 1836, is the following order:

“Resolved, That Elisha Long is hereby authorized and direct put under contract thirty-five miles of the White Water canal, commencing at Lawrenceburgh, including the feeder dam next above Brookville; and the said Elisha Long is hereby appointed acting commissioner on said line.”

A second order appropriates the additional sum of \$300,000, to his work.

Mr. Long makes the following statement, in vindication of himself, that the board had authorized him to put under contract the line from Lawrenceburgh to the first feeder dam above Brookville, and that a second order of the board authorized him to put under contract an additional portion of the line not exceeding \$300,000, and that he did not exceed these limits.

It will be observed that Mr. Lewis, Mr. Blake, Mr. Morrison and Mr. Maxwell, are of a different opinion from Gen. Long in this matter. By reference to the original orders on the books of the board, your committee think a ready solution of the discrepancy will be had. The original order of the board limits Gen. Long to 35 miles in extent of line including the first feeder dam above Brookville. This distance would have reached to the then contemplated dam. The dam was afterwards located some 14 miles further up the line, and Gen. Long so construed the order as to extend his lettings up to the new point, without any reference to the limitations which restricted him to thirty-five miles in extent of lettings. If the orders of the board be looked at and construed according to their natural and plain meaning, your committee think that Gen. Long had no authority to put under contract, under the first order, a greater extent of line than thirty-five miles from Lawrenceburgh to the point where the first feeder dam was then expected to be erected, and that the subsequent order authorized him to let above that point to the amount of \$300,000. Instead of letting to the extent of \$300,000, over and above the line at first ordered to be put under contract, Gen. Long let to the extent of \$564,000, leaving an excess of one hundred and twenty four thousand dollars. Your committee can by no means justify this excess, although it may be possible that it proceeded from a misconstruction of the resolutions of the board. The excess is so large, and the violation of law so palpable, your committee feel bound to recommend that his official bond be put in suit. Your committee conceive that the reasoning applied to Mr. Morrison's case, applies with full force to Gen. Long's.

Another charge made against Gen. Long is that he used the money of the State for his private purposes.

Dr. Coe, in answer to question No. 5, page No. of the journal, states that at the final settlement of General Long's account, the balance found in his hands of funds of the State, not disbursed, exceeded seven thousand dollars.

This statement of Dr. Coe was made, apparently, from memory, and the committee were referred to the fund commissioner's office for

more accurate testimony on this head. Accordingly, on examination of Mr. Hubbard, clerk of the fund commissioner's office, we find the following to be the correct statement of that matter: In January and February, 1839, General Long drew for the sum of 10,500 dollars, which drafts were paid him. On the settlement of his accounts in November of that year, he was found to have in his possession, unexpended, the sum of about 5,700 dollars, which was at that time paid in cash and claims against the State.

General Long's statement relative to this matter is as follows: On page of the journal, he says that, previous to going out of office, funds were placed in his hands to pay damages done to private property; the claims for damages were not all adjusted when my term of office expired. I was required to settle finally with the new board in November following, which I did. The balance against me, which I think was about 5,000 dollars, was paid, part in claims upon the State, and part in money, to the best of my recollection. In page , he says the claims were estimates of contractors. I purchased none at a discount. I received them in payment of debts due me, and in cases where the estimates exceeded my claim, I paid the surplus in money; as before stated, I purchased no estimates during the time of my service as a member of the board of internal improvement. I cannot state how much of the balance was paid in money, nor how much in claims, not recollecting, and having now no means of determining. Mr. Long, in another part of his answer, denies having used the funds of the State for private purposes.

There is some uncertainty about this matter. In January and February, 1839, General Long received of the state funds, 10,500 dollars to pay damages to property, as he states. His office expired in March. Yet we find that he keeps possession of the state funds to the amount of 5,000 dollars for nine months after his office had expired. His final payment was not made in the kind of funds received, but partly in the claims of contractors which were transferred to him in payment of debts due him, and partly in money. If General Long did not, during these months, use the funds of the State for his own use, it may be inquired why he did not come to an earlier settlement, and it may well be asked what became of the funds received, as General Long does not pretend that he paid the same funds received, at the tardy settlement finally made by him. Your committee think the weight of testimony greatly against General Long. The conclusion can scarcely be escaped that General Long used these funds for private purposes, and afterwards bought up estimates to replace them. No other view of the subject can be arrived at by the committee, even from General Long's own statement.

The matter has, however, been once settled, and however culpable General Long may have been, no legislative action can be had on this subject, other than an expression of the sense of the General Assembly in condemnation of such conduct.

MR. DAVID H. MAXWELL.

This officer was a member of the board of Internal Improvement and Commissioner on the Jeffersonville and Crawfordsville road. We find him blameless except in one particular. He exceeded the amount appropriated by the board, some two or three thousand dollars, in his lettings. His excuse is that he was authorized to let to Salem, and the sum appropriated by the board was found insufficient to complete the road to that point. Had the Commissioner limited himself to the order of the board (as your committee conceive he was legally bound to do,) the road would have been stopped one mile out of Salem. The Commissioner proceeded to let the additional mile so as to bring the road to the public square in Salem.

Mr. Maxwell says he then thought he was doing right, and he thinks so, still. Your committee think otherwise. It was plainly an assumption of authority. The amount was small, and the consequent injury to the State merely nominal; but your committee advise a suit to be commenced against him for the sake of the example.

In other respects, your committee find Dr. Maxwell to have been blameless.

MR. JOHN WOODBURN.

This gentleman was sworn into office on the 7th of March, 1836, as a member of the board of Internal Improvement, and his term of office expired on the 4th of March, 1839, during which time he acted as Commissioner on the Madison and Indianapolis railroad, a period of three years.

Mr. Woodburn also exceeded the amount appropriated to his road, according to his own showing, some fifty thousand dollars. His excuse for so doing is that some of the excavation had been estimated as common earth, which proved to be rock, thus materially increasing the expenditure. Mr. Beckwith also made many of the estimates too high, by a fraudulent understanding with contractors. To these two causes Mr. Woodburn attributes his over lettings. These excuses if true, your committee deem good ones, but as they are constrained to decide against Mr. Woodburn in another matter of some moment, they deem it important that this item should be more strictly enquired into by the attorney for the State. The time of your committee has been so engrossed with other and weightier matters, that they have had no leisure to enquire into the correctness of these statements. It is well known that one E. M. Beckwith, was employed as resident engineer on this road for some years, while Mr. Woodburn was Com-

missioner. The particulars of his fraudulent over-estimates are well known to the public.

The losses sustained by the State from these fraudulent estimates were very large, so large indeed were they, it is a matter of surprize that Mr. Woodburn, acting as disbursing agent on the line did not discover them at an earlier day. A very ready test would have been furnished him by a comparison of the original with the final estimates before making payments. If the discrepancy between the two in any instance had proved to be very great, it would have been Mr. Woodburn's duty to have enquired into the causes of such a difference.—Mr. Woodburn says however, that such was not his practice, nor did he do so in a single instance. It would appear to your committee that an occasional recurrence to the original estimates, would have been proper in the disbursing agent, especially on a line where the expenditures so far exceeded the original estimates, as to cause the Commissioner to exceed the appropriations made on the road; had Mr. Woodburn done so, the result must have excited a suspicion of Mr. Beckwith's honesty or competency, and suspicion in so gross and palpable a case of fraud would have resulted in immediate detection.

The most charitable inference however, is that Mr. Woodburn, had an overweening confidence in the engineer, and neglected the obvious means which he should have employed to ascertain the correctness of the enormous disbursements he was daily making; and this is accordingly the judgment of the committee.

With regard to the location of the present railroad at the Madison hill, through what is known familiarly as the "deep diggings" your committee find Mr. Woodburn to have been blameless. Its immense cost, out of all proportion with the benefits expected to be derived from it, proves it in the judgment of your committee to have been an injudicious location. But although there were some differences of opinion among the engineers (as is shewn by Mr. Gillet's testimony) as to the propriety of the present costly location, Mr. Woodburn appears to have followed the advice of very eminent engineers, and in so doing no blame can attach to him. Your committee do not perceive that he acted from any interested or improper motives in this matter, nor have they any testimony tending to prove such motives on him. In this matter they therefore hold him blameless, unless any blame could attach to him for an erroneous judgment in a matter in which scientific men disagreed.

Very different however, is the judgment of your committee on the next matter. While Mr. Woodburn was acting Commissioner on the Madison and Indianapolis railroad, he made a contract with his brother, Culver Woodburn, resident at the same place, to receive 1530 tons of railroad iron at the landing, and have the same drayed to the top of the Madison hill. Mr. Woodburn says that he made no stipulation as to pay, supposing his brother would charge what was reasonable. That his brother charged 75 cents per ton or about \$1150, which he did not pay until about a dozen respectable men said it was right. Mr. Culver Woodburn's testimony shews that he counted the iron bars.

had it deposited on the river bank, saw it put in drays, hauled to the top of the Madison hill, and gave tickets to draymen, the State paying the expense of drayage. That at one time the iron had to be moved a short distance to keep the high water from overflowing it, which he attended to. Mr. Samuel Wilson says, that the iron was never stored at all, but laid in piles on the bank, that the compensation was seventy five cents per ton, that there was no occasion to employ a commission merchant about the business, that Mr. John Woodburn or his clerk could have done the business just as well, that he would gladly have taken the job for half the price or even less, and that Gov. Noble got the same services performed for 25 cents per tun, or one third of the money, that Gov. Noble not being a resident of Madison he did right to employ an agent to do it, but there was no necessity for Mr. Woodburn to do so. Mr. Wilson evinces some ill feeling towards Mr. John Woodburn, but your committee see very little in his testimony differing from the facts stated by the two Mr. Woodburns, except that he differs from them about the proportion between the services rendered, and the compensation received by Mr. C. Woodburn, and in this opinion your committee concur with Mr. Wilson. The only qualification necessary to a discharge of Mr. Culver Woodburn's duties was the ability to count the bars of iron, and compare their number with the number set down in the bill of lading. The duties imposed by the contract of Mr. Culver Woodburn, probably occupied several days of his time and engaged his intellect in the operation of counting iron bars for several hours. For these services your committee believe that \$1,150 was an extravagant compensation, and recommend that his brother be compelled to return to the State all the surplus over and above a reasonable compensation. In this instance they are firmly convinced, that the interest of the State would have been better served by engaging the wharf master at Madison to discharge the duties performed by Mr. Woodburn's brother, at so high a rate. Mr. Woodburn has produced to the committee, the certificate of several gentlemen and the affidavits of others, shewing that a reasonable compensation for forwarding and receiving iron per tun is from 75 cents to \$1. This does not alter the case in the least. The operation of receiving and forwarding iron by a commission merchant, implies a trust and responsibility which is only reposed by persons who cannot be present at distant ports, to see to the transhipment of goods. The commission in such case, is a compensation for responsibility incurred and care bestowed in selecting suitable agents to make a transshipment, in taking care of the property, securing proper bills of lading; but Mr. Culver Woodburn's duties were of a different nature. Gov. Noble in 1838 got the thing done for one third of the compensation; which fact is conclusive.

MR. SAMUEL HALL.

This gentleman served as a member of the Board of Internal Improvement, and acting commissioner on the Central Canal, for eight or nine months. During this time, he was engaged in active service, attending to all the arduous duties imposed on members of the Board of Internal Improvement at that period. The act of 1836 allowed to members of the Board a compensation of \$2 per day, and reasonable expenses. By a somewhat liberal construction of the act, and in the opinion of the committee an unjustifiable one, the Board construed this act to allow them \$2 per day for the entire year, as appears from the testimony of Mr. Yandes, Gen. Long and others, the entire pay would amount, at this rate, to \$730.

Not being able to keep small accounts of expenditures with convenience, by an equally liberal construction of the act, the Board fixed the rate of their daily expenditure at \$1 50 per day for the entire year, making total allowance for expenses the sum of \$547 50. By this arrangement, the annual salary of each member of the Board was raised to the sum of \$1,277 50. It is but just to remark, that one member of the Board justifies his allowance by the usage established by members of the Legislature under a similar act, in taking their per diem for holidays and Sundays during the session. So far as the holidays are concerned, your committee think that the case is fully in point, and that those members who vote for adjournment at Christmas and Newyear's days, should by no means charge the per diem for that time. We are admonished by this instance, in which one abuse is justified by another, to set better examples in the future. Mr. Hall, in this matter, stands on high ground; he performed duties equal, or nearly so, to those of any other member of the Board of Internal Improvement, and received his per diem for the time actually engaged in the public service, charging no more than actual expenses, making a total for eight month's service, of a little less than \$95. We find no charge against him whatever.

 MR. DAVID BURR.

This gentleman served as a commissioner on the Wabash and Erie Canal, and proved a defaulter to a large amount. The circumstances attending that defalcation have been long made known to the public. The balance found due from Mr. Burr, has been paid into the Treasury. He has spread a long defence on the journals of the committee, by which he accounts for his defalcation. His defence is that he was in the habit of making large advances to contractors, of which he kept no account, which were forgotten in the settlement. He proves by sev-

eral witnesses, circumstances tending to sustain this view of the matter. One witness testifies to his having made a loan at one time of the sum of \$500, of which he subsequently had no recollection whatever. It seems not improbable, that with his careless habits, and the practice which he fell into of making frequent advances to contractors, the defalcation ensued from the causes which he suggests. He has paid the balance found against him, and therefore, your committee recommend no legal action in his case. His answer is somewhat remarkable for a laborer. defence of the system of Internal Improvements, embodying all the hallucinations which governed the public mind at that day.

Against Mr. YANDES, we find no charges.

Against Mr. GRAHAM, commissioner on the Jeffersonville and Crawfordsville road, and the southern division of the Central Canal, we find a charge has been made of purchasing the estimates of contractors at a discount. He was prevented from attending before the committee by sickness, and has not been heard in his defence. On his case we pronounce no judgment.

Against Col. BLAKE, there have been no charges preferred.

The same may be said of Mr. LEWIS.

MR. JESSE L. WILLIAMS.

We will notice the conduct of this gentleman as chief Engineer. We find no charges against him of speculating, or conniving at speculations by others of the engineer corps on the lines. Nor do they charge him with over-estimates to contractors, or at conniving at such conduct in others. There is a charge against him of retaining E. M. Beckwith in office, after some of his misconduct had been made known to said Williams. The misconduct complained of to Mr. Williams on which this charge was based, was that Beckwith had made an erroneous profile of the ground, and false estimates of work done on section No. 2, of the Madison railroad, whereby Hendricks had sustained great loss. Mr. Abram Hendricks and Joseph H. Hendricks the contractors, and William Hendricks Sen. appear to have united in their complaints against Beckwith on this matter. In the winter of 1838, Mr. J. H. Hendricks visited Mr. Williams and requested him to have his work re-measured. He says that Mr. Williams promised to come down and measure the section himself, but did not come down for some months afterwards, and he then got Beckwith to make out a profile to satisfy Mr. Hendricks. This was presented to Mr. Hendricks by Mr. Williams, but he rejected it without examination. Several letters appear to have been written to Mr. Williams subsequent to this time, by the Messrs. Hendricks and Mr. Wm. Hendricks Sen., complaining of the

same matters, and reflecting upon Mr. Beckwith very severely. The committee will remark that the nature of these complaints is such as to raise no very strong impression on Mr. Williams's mind, that Beckwith was dishonest. They were made by a discontented contractor, and his immediate connections and friends, who complained of the resident engineer for under estimates. Had there been a complaint of overestimates by third persons, the case would have been quite different. Mr. Williams' confidence in Beckwith in such a case, might have been shaken, and it would have been his duty to have set on foot a rigid enquiry into the facts. But it must be borne in mind that Mr. Beckwith had been introduced to Mr. Williams, with the highest testimonials of private and professional character, that the charges made against him were of a very common character, such as every engineer who did his duty, was daily subjected to, from contractors who had made losing bargains. Mr. Williams might well be slow to give up a confidence placed in Mr. Beckwith and long cherished, on such weak and improbable grounds. The nature of Mr. Williams's duties, requiring his presence and attention in various parts of the State, might well excuse his not going to Madison sooner than he did; and the high opinion which he entertained of the character of the resident engineer, sufficiently accounts for his not evincing any suspicions of him. In order to satisfy Mr. Hendricks, Mr. Williams required Mr. Beckwith to make out a profile of the ground on the second section, which Mr. Hendricks rejected without examination. This conduct on the part of Mr. Hendricks, was calculated to strengthen Mr. Williams's preconceived opinion of the complaint; and Hendricks's violent denunciations of Beckwith, were calculated to induce the belief that he was animated by somewhat of a personal animosity towards him. It was no part of Mr. Williams's duty as chief Engineer, to make estimates in person; a supervision of the works of others, and a general direction of their operations necessarily occupied his whole time and attention. Mr. Hendricks's complaints were subsequently made to the board of Internal Improvement, and Mr. Thomas A. Morris dispatched on the special service of making a re-measurement of the work. Mr. Hendricks seems to have entertained an opinion, that Mr. Thomas A. Morris was confined by the chief Engineer to Beckwith's profile and estimates in making his calculations, but this does not appear to have been the case. On examining the transcript from the books of the board, certified to your committee, it appears that his operations were not so limited, and Mr. Williams denies, in his examination, having given any such directions verbally. Complaints of the same character were also preferred by Hendricks against Beckwith, before the board of Internal Improvement and laboriously investigated. An abstract of the whole testimony and proceedings have been certified to your committee, from which it appears that the trial was fairly made, without Mr. Williams's interference, and Mr. Beckwith acquitted. Mr. Beckwith's character was attempted to be impeached at this trial, but he was sustained triumphantly by testimony of the most unimpeachable character. Another charge against Mr. Williams is, that at this trial he swore pos-

itively that the profile made by Beckwith was correct. Mr. Williams would have hazarded a great deal in making such an oath, as it is not pretended that he had ever surveyed the ground. Mr. Williams would have found it difficult to have sustained himself in this assertion, had he made it, for the next and most natural enquiry would have been, how did you arrive at that conclusion? The naked eye cannot without the aid of instruments and a diagram determine quantities and levels with certainty, and Mr. Williams, had he made such an assertion, would have been driven from his ground at the next question. The abstract of testimony furnished by the secretary of the board (Judge Morrison) does not sustain this charge; Mr. Williams's opinion as to the correctness of the profile, is given in a very qualified form. Mr. Hendricks' heat seems to have injured his case before the board. Some of the levels noted on the profile were afterwards found to be incorrect. Mr. Beckwith was afterwards prosecuted by Mr. Williams and Gov. Noble, and found to be guilty of the basest acts.

The testimony of Messrs. Palmer, Bright, and others sustain Mr. Williams against another accusation made against him, to-wit: that he had offered to let Beckwith escape if he would testify against contractors. This charge is supported by the testimony of but one witness. It is refuted by the testimony of N. Noble, M. G. Bright, and N. B. Palmer. Mr. Williams prosecuted Beckwith with becoming diligence and perseverance, when informed of his rascality.

Your committee will barely notice some hearsay testimony of Gov. Hendricks, by which it is attempted to be shewn that charges of a serious nature, were preferred to Mr. Williams and Gov. Noble through the medium of third persons, some three months before his arrest. Gov. Hendricks' hearsay statements would have been excluded from the record by the committee, had Mr. Williams desired it, as improper evidence. But the array of facts presented by Mr. Williams, forms so complete a defence on this head, that it is conceived the futile attempt to attack him by such improper means can do his character no hurt.

Charges have been preferred against Mr. Williams, by a dismissed engineer on the New Albany and Vincennes road. The charges are that at Mr. Williams's instance, the officers were dismissed on that road, and that two of them were dismissed from a motive of political proscription. The facts are, as is shewn by the records, that a violent controversy had arisen on that road between the engineers and the commissioner. This controversy was of the bitterest character, and manifested itself in abusive hand bills and anonymous newspaper publications. It involved not only the officers, but the citizens and contractors. Under these circumstances a dismissal of the whole batch of officers on that road, was recommended to the board by Mr. Williams, and that recommendation was followed, and a new organization of the corps of engineers made, by which a saving was made to the State in expenses, and the public interest advanced. One of the engineers dismissed, a Mr. Smith, was temporarily employed afterwards by the resident engineer, as an assistant, but against Mr. Williams's advice, as is shewn by his letter on record. In all this, Mr. Williams

appears to have acted correctly. Mr. Frazer the dismissed Engineer, who preferred these charges against Mr. Williams, accuses him of lacking the necessary qualifications for his station. Your committee cannot determine, whether this charge be true or not, as they profess no skill in the science of Engineering. It ppears, however, just as probable to your committee that Mr. Frazer himself is incompetent to decide on Mr. Williams's qualifications, as that Mr. Williams should be so destitute of skill as he supposes. We must have more evidence before we can pronounce against Mr. Williams's reputation for skill, based on a long continued employment in the service of Ohio and Indiana.

There may be several minor points in Mr. Williams's case, which your committee have omitted to notice. But they think that his vindication is complete and triumphant on all points and will be so found on examination. That he has made ruthless and bitter enemies in the public service is creditable to him, for every man has his enemies who deserves them. He of whom all men speak well is a time-server and a hypocrite.*

NOTE.—My attention having been called to a slight error in the statement of Mr. Williams's testimony, touching Mr. Morris's instructions, I herewith append the testimony itself.

J. C. EGGLESTON.

Answer of J. L. Williams to interrogatory No. 22.

Mr. Morris was detailed to measure Hendricks' section, in pursuance of the recommendation of the Board, which was in the following words:

"The committee recommend to the Board that to settle the question as to the amount of work actually done on said section, the Principal Engineer cause an estimate to be made by a Resident Engineer, taken from some other line, whom he shall order upon that especial service so soon as the public interest will admit of it; and that in case of any excess over the estimates already made, the acting commissioner shall, in accordance with the terms of the contract between the parties, forthwith pay the same to the memorialist; and also for any extra work which he may be satisfied has been done, which may not be embraced in former estimates."

The object of Mr. Morris's visit was to carry out the spirit and intention of this order. I think I gave him no written directions, nor do I remember the particular conversation which took place.

The following note is made at the request of Mr. Chamberlain:

* "One of the committee, Mr. Chamberlain, dissents generally from the conclusions of the committee, exculpating Jesse L. Williams from blame, and acquitting him of improper conduct, believing that the testimony, not only does not justify such conclusions, but on the contrary shows him highly culpable for not heeding the information given him of Beckwith's rascality, long before he did: and also culpably negligent or incompetent in not taking the necessary measures to prevent the "slip," so called, at the Madison hill: and also that his conduct has been characterized generally by favoritism and subservency to political influences."

THE OFFICERS AND AGENTS ON THE MADISON AND INDIANAPOLIS RAILROAD.

Your committee deem it proper to place the officers and agents employed on the Madison road, for the last two or three years, in one group. This arrangement is a saving of labor, and perhaps the best one which could be adopted to give the Senate a clear understanding of the whole subject. So various have been the violations of law, so multifarious have been the acts of wasteful extravagances, and so many and complex have been the fraudulent acts of concealment, in which many of the agents employed on that road have been engaged, that your committee find it difficult to distinguish between the innocent and the guilty. And the wreck of State and individual credit, which has afflicted the land within the period of time covered by this head of the report, while the treasury was bare, and state bonds were without a price, it was a matter of wonder to this community that the Madison railroad still progressed. The agents who operated in this matter and the means employed were alike concealed. To add to the mystery of this affair, statutes seemed to have no effect on them, they appear to have been treated as mere remonstrances. The general act suspending operations on the public works and providing for the pay of those contractors who would consent to abandon their contracts, had the effect of causing operations to cease elsewhere, but the Madison road pursued the even tenor of its way. In the winter of 1841 the legislature passed an act prohibiting the issue or sale of state bonds on any other terms than for cash, and at par. Another act provided that proceeds arising from the sale of state bonds should be deposited in the treasury and disbursed by drafts on the treasury. This was expressly declared to be the only means of disbursement, and this last statute had a penalty attached to it, making a violation of its provisions a penitentiary offence. No bonds have been reported as sold at par, during the past season; no deposits of sales made in the treasury, and no drafts on it whatever, and yet the Madison and Indianapolis railroad was steadily progressed with. The attention of your committee was early attracted to this subject, and the solution of this riddle has occupied much of their attention.

The consideration of this subject, in a connected manner, compels the committee to speak of the conduct of several of the officers in detached portions. Fund commissioner, Stapp, for instance, will have to be commented on in two divisions; Stapp at home and Stapp abroad. Ex-Gov. Noble's conduct also, will have to be considered under two heads, of Noble off the Madison railroad, and Noble on said road. Mr. John Woodburn's conduct as commissioner on this road up to the year 1839, has been separately considered. He will figure under this head in the less exalted, but scarcely less important character of member of

the Madison Bond Company. With these preparatory remarks, your committee proceed to the examination of this mystery.

To find the end of a skein by which this labyrinth of operations may be threaded your committee go back to the contract, entered into on the day of October, 1839, between Fund Commissioners, Stapp and Scott, by which the Madison bond company was spoken into existence. This company consists of the following members: William Hendricks, John Woodburn, George W. Leonard, Victor King and John King. By this agreement, which will be found in the Documentary Journal, 1839 and '40, page 182, the said fund commissioners sold to the said company, state bonds to an amount not exceeding \$455,000. The sums to be paid by the company to be laid out on the Madison railroad, under the direction of the Board of Internal Improvement. The bonds were sold at 88 cents to the dollar; and were to be delivered to the company on or before the 10th day of December, 1840; the payments to be made in instalments, &c. This conditional contract was signed by Mr. Scott, and the bonds were delivered to Gen. Stapp by him to arrange the securities prior to a consummation of the sale, as appears on the same page by the letter of Mr. Scott reporting the contract. The contract clearly contemplated being closed at some future day, indeed the day is named for the delivery of the bonds, viz: the 10th day of December, 1840. It contemplated also a payment for these bonds in cash at that price, nothing was lacking to consummate the sale, on the part of the State, but the delivery of the bonds. All bonds delivered under that contract to the bond company were absolutely sold for the price stipulated, and the bond company on its part became bound to pay the State that price, and to secure the payment as stipulated. Such was not the practice, however, under this contract, if we are to believe the statements of the individual members of the bond company made before your committee under oath. We will commence with Mr. John King, a witness whose statements from his peculiar position are to be received with many grains of allowance. The first remarkable statement of Mr. John King is, that the bond company, as such, never had any capital, nor did they need any, not being formed for any other purpose than to facilitate or continue the progress of the Madison road; this answer is given to question No. 3, page of the journal. By a reference to the contract it will be seen that the company were formed for the purpose of purchasing state bonds, paying 88 cts. to the dollar for them. Which operation your committee conceive would have required some capital. In answer to question No. 4, Mr. King denies that any bonds were ever delivered to the company, by either of the fund commissioners under said contract; all the bonds that were ever used by the company (except one paid by Gov. Noble in New York to contractors or their order) were left with me as agent of the fund commissioner, and are stated in my answer to 7th and 8th questions. Mr. King at a subsequent meeting gives a detailed statement of all the company's dealings with the fund commissioner, Gen. Stapp.

From this statement it would seem that Gen. Stapp had made sale of

180 bonds in New York, on account of the State, (not as agent of the company which there is strong reason to suspect) and that after some negotiation between him and the company, the company agrees to take the sale off of his hands on account of the Madison railroad. The conditional contract for the sale of bonds, was continued from time to time, by Messrs. Palmer and Stapp, the company being permitted to close or not, until their office expired last winter. Prior to 1st of July, 1840, (the date is not mentioned) the contractors on the Madison railroad were in favor of going on with their work and wished to know how they were to be paid if they did go on. In conference between General Stapp and us, (i. e. Madison bond company) Stapp took the ground that it was useless to go on with the work, unless there could be some understanding with the contractors as to how they should be paid; he said that he could only raise one-third of the amount, necessary to carry on the road, in money, and that if the bond company could not make enough out of the bonds under said contract of 1839, to pay the residue, the road must stop. It was then agreed between most of the contractors that they should take one-third in money and two-thirds in bonds at par, or all in bonds at 88 cents. It was then agreed between the bond company and the fund commissioner that they would confirm the contract of 19th of October, 1839, so far as they could use the bonds in payment of contractors.

Mr. King on the same page proceeds to state that, on the 24th of October, 1840, estimates on the road were to be paid at Vernon, to which place Gen. Stapp and himself repaired. Gen. Stapp paid to the contractors one-third of their contracts in money and he (King) on behalf of the Madison company, paid out two-thirds in bonds, at their face to the amount of 18 bonds. The other contractors were paid at 88 cents to the dollar in bonds, on account of the Madison company, to the amount of 23 bonds, making in all 41 bonds. As these bonds were handed to the contractors they were charged to the company at 88 cents to the dollar.

From this statement it appears that the sale made in New York of 180 bonds by Gen. Stapp, which Mr. King says was afterwards taken by the company, and these 41 bonds paid to contractors by the bond company constitute the 221 bonds reported by Gen. Stapp to the Legislature, at the opening of the session, Dec. 1840.

Let us endeavor to free the statement of its prolixity, and come at results. General Stapp sells 180 bonds east at eighty-eight cents to the dollar, which sale, after it is made and the securities exhibited to the company, is taken by them. The company, in this matter, employs no capital and incurs no hazard, except in collecting the money from the eastern banks and getting it to Madison. If this operation can be safely performed, they make the difference in exchange, about eight per cent., or about 14,000 dollars. In the next operation Mr. King, one of the company, holds 41 bonds (41,000 dollars) as the agent of the fund commissioner; 18 of these bonds he disbursed at par to contractors as agent of the bond company, and as soon as they are paid out at par he confirms the conditional contract between the

fund commissioner and the bond company, and charges the company with the bonds at eighty-eight cents to the dollar; the other 23 bonds are paid out at eighty-eight cents to the dollar. The bond company, in this matter, employ no capital and incur no risk, but pocket 2,160 dollars for the use of one of their distinguished body a few minutes in disbursing 41 bonds to the contractors. That there may be no mistake about this matter, your committee will state that the 2,160 dollars profit is the difference between eighty-eight cents to the dollar on said bonds, at which they were charged to the company, and their par value, at which rate they were paid out. The company, your committee learn, did lose something by their eastern contract, owing to the failure of one of the banks; but they incurred, in that operation only, that hazard. If this statement be true, and this is the view of it presented by the bond company, your committee have no hesitation in saying that the whole operation is a fraud on the State. The existence of the bond company is a fraud, their contract is fraudulent and deceptive, and their practice under it any thing but honest. To entitle a man to any profit he must incur some hazard, or employ some capital, or render some service. The bond company did neither, according to their own shewing. They were nothing more than a cloak to enable the state officers to evade the law.

The operations above detailed, and some speculations in the state bonds and treasury notes, mentioned by several witnesses, appear to have been all the functions of the Madison bond company, according to their own shewing. As that company appears to have had its inception in fraud, it has dissolved in a manner befitting its inception. The end of its existence was a falsehood. To prove this Mr. King states that on the 26th of January, 1841, the company finally settled with Gen. Stapp, leaving nothing due, and the contract was cancelled, as far as it could be done in writing, and delivered up by General Stapp to the company. On the next page of the journal Mr. King says, after the 26th of January, 1841, Stapp was still fund commissioner until Gov. Noble came into office, and he (King) acted as his agent, 59 bonds remaining still in the Madison Insurance Company subject to his order. When Governor Noble came into office, the contract of 1839, with the Madison bond company was renewed and extended by him, and he (King) continued as agent for the fund commissioner, &c. According to this statement, General Stapp settled with the bond company in January, 1841, on the 26th day of that month, and there was nothing due. This statement is sustained by Gov. Hendricks, V. & J. King, Leonard and Woodburn, the entire bond company, and by General Stapp himself at this time, and yet your committee think they can shew, without any *perhaps* in the matter, that the whole statement is untrue; that there was a collusive and fraudulent understanding between General Stapp and the bond company, that these bonds and others had been absolutely sold to the bond company; that they owe the State for them eighty-eight cents to the dollar, or nearly 60,000 dollars, certainly 55,000 dollars; that the receipt pro-

duced as 26th January, 1841, is an antedated paper, fraudulent and void.

In support of this view of the case, your committee will advance the following facts. On the tenth day of February, 1841, General Stapp, in answer to a resolution of the House of Representatives, reports a table marked "Exhibit A," showing the amount of bonds which had been then disposed of, to whom sold, at what rate, how much had been paid thereon, and how much remained due the State. (This table may be found in the Documentary Journal of 1840 and 41, page 580.) On this table, two hundred and twenty-one bonds are reported to have been sold to the Madison bond company, at 88 cents to the dollar, and the sum of \$55,044 63 is reported as the balance due on said sale, from the company to the State. Your committee cannot see how it is possible for Gen. Stapp to make such a report as this, on the tenth day of February, 1841, if he had settled with the bond company on the 26th of January, 1841, and given them a final receipt, as he and the bond company now allege. Your committee think there can be no doubt of the receipt being made at a date subsequent to the tenth of February, and they believe that they know the immediate reason which operated on Gen. Stapp and the bond company to enter into this fraudulent arrangement. On the 13th of February, 1841, (just three days after Gen. Stapp had made his report,) an act of the General Assembly, entitled, an act for the relief of Joseph H. Hendricks, received the signature of the Governor. By this act the fund commissioner was directed to sue the Madison bond company for a sum sufficient to pay off said Hendricks, to whom the State was indebted nearly 30,000 dollars. The passage of this act put an immediate spur to the wits of the Madison bond company, to evade payment, which they endeavored to accomplish by a settlement with the fund commissioner, and an antedated and fraudulent receipt. Your committee see strong reason to believe that Gen. Stapp was, at that time and now is, a dormant partner of the Madison bond company. Mr. John Woodburn spoke of him to George Givens, as the agent of the company in the east; and also said that Stapp had agreed to bear his proportion of the losses the company might sustain through him. Mr. John King, one of the members of the company, produces a letter from Gen. Stapp, (whether antedated or not, your committee cannot determine,) by which Gen. Stapp promises to bear his proportion of the losses from the eastern loans. Mr. Woodburn also told Mr. Givens that they had Gen. Stapp in such a position that he would be obliged to stand up for the company. We see also, that, through the whole course of his dealings with the company, Gen. Stapp permits the company to deal with the State in such a manner, that the whole of the hazard incurred, is thrown on the State, and the whole of the profits made goes to the company. Whether engaged in purchasing treasury notes, or State bonds on the lines from contractors, or paying out bonds to them, all the profits of the operation go to the company, all the hazard (if any) is borne by the State. This is sufficiently mani-

fest in the case before noticed, at Vernon, when Mr. King is suffered to hold state bonds as Gen. Stapp's agent, up to the hour of disbursing them, the company incurring no risk of their depreciation. As soon as he is ready to disburse them at a profit of twelve per cent., with a versatility truly admirable, Mr. King appears in a twinkling in a new character. He is no longer the agent of the State, but the agent of the company; he carries over to the credit of the company a profit based avowedly on no capital, no labor, no risk. And Gen. Stapp is kind enough to see Mr. King in all his chameleon-like changes of character just as Mr. King chooses to appear to him, as the agent of the State in one instant, and as the agent of the company in the next. These facts induce your committee to believe that there existed between Gen. Stapp and the company, not only a community of loss but of profit also. If this was not the case he was certainly the most ductile dupe ever known. On a view of the whole facts, your committee think that the company and Gen. Stapp should be both made defendants to a bill in chancery, and their oaths dispensed with under the new practice act. That they should be both held responsible for the 55,000 dollars due the State, and for the ill-gotten gains of the company, in their operations on the Madison railroad.

Gov. Noble, by a written agreement in March last, extended the old contract with the company for a longer period, and at a subsequent date employed Mr. John King as his agent, to disburse on the railroad. Although Gov. Noble may have been wholly ignorant of the nature of the transactions previously had between the company and Gen. Stapp (and many of them were of such a nature as not to be understood without investigation, being covered up by false reports and deceptive appearances) yet your committee can by no means hold Gov. Noble blameless. The renewal of this contract was not only without the sanction of law but in direct violation of at least two statutes; one of these statutes prohibited the sales of state bonds, except for cash and at their par value. This act was passed just before Gov. Noble came into office as fund commissioner. What right had he to sell bonds at 88 cents to the dollar, under such a law? It may be perhaps said that he was only continuing an old contract. In answer to this your committee would state that Gov. Noble admits himself, that the contract had expired by its own limitation. The most subtle casuist would find himself puzzled in the effort to take and maintain a distinction between the making of a new contract and the renewing of an expired contract.

The new statute, under which Gov. Noble acted, prohibited a sale of state bonds for a less price than their face. If the Madison company had not closed with the terms offered them under the old company, we are at a loss to perceive how Gov. Noble had any right to extend to them the provisions of that law which had been repealed. We do not perceive that the company purchased any bonds under this extended contract; but the fifty-nine bonds above spoken of, were suffered to remain in Mr. John King's hands as agent for the fund commissioner, and were disbursed on the Madison and Indianapolis

railroad during the past year, at a heavy loss to the state, varying from 50 to 62½ per cent. The *modus operandi* of these disbursements may be seen by several cases proven before the committee. By the testimony of Mr. Thomas A. Morris, Engineer, it appears that in laying down the track on the Madison and Indianapolis railroad, there was a deficiency of spikes, and the laying of iron must have ceased unless they could procure an additional supply of spikes, stopping the railroad, half way between Vernon and Griffith's, in the woods. Under these circumstances, a request was made to the bond company to furnish the spikes. They agreed to do so, if they were paid for the spikes what they had to pay for them. One Jonah Weyer agreed to furnish the spikes to the bond company for 20 cents in bonds at their face, (which was double their price in cash, as appears by Weyer's testimony.) This was the best price for which they could be had in bonds, although it is manifest that the state was paying two prices by the operation. A bond estimate of the spikes was accordingly made to Woodburn, King, & Co. for 10,000 lbs. of spikes at 20 cents per pound, the cash price being ten cents, and drafts were given to the company covering the amount. Iron chairs and spikes seem to have been furnished in the same way. The drafts were backed with a statement that the iron, spikes, &c., were bought with bonds at par to enable the company to settle with the fund commissioner. In what way Messrs. Woodburn, King & Co. paid those who furnished them with spikes Mr. Morris is unable to say. We see by this statement, that the spikes, iron chairs, &c. on the Madison railroad were furnished by the bond company to the acting commissioner, Dr. Mason; but the estimates were made with regard to the market value of the bonds. For the spikes we clearly paid two prices. Mr. Weyer says the cash price was ten cents, they were estimated to the bond company at 20 cents in bonds, the State losing in this small transaction \$1,000. Mr. King however, fearing, as your committee believe, that the state would charge the whole 59 bonds to the company at 88 cents to the dollar, under the extended contract, appears in a totally new character when he deals with Weyer for the spikes. He is no longer agent of the fund commissioner, nor does he act as agent or member of the Madison bond company, but as the agent of the board of internal improvement; how he got this authority so to act does not clearly appear. Mr. Mason gave him no such authority, and he says himself that he acted at the request of the Engineer, Morris, and supposing that Mr. Morris acted for the board, he signed the contract with Weyer as he did, that is, as agent for the board of internal improvement.

Your committee have selected this instance, out of the many before us, to shew the manner in which the disbursements have been made during the past year. To recapitulate; estimates for spikes, chairs and iron were made to the company at their price in state bonds, which was double the cash price; these estimates are delivered and endorsed; that the bonds were paid out at par, in order to enable the company to settle with the fund commissioner. If the company settle

under the contract of March last, that is if they allow the State 88 cts. to the dollar for the bonds, it is manifest that the State will suffer two processes of shaving: 1st, by allowing the company bond estimates instead of cash estimates, the State pays two prices for materials; next comes the 12 per cent. profit of the company, making a total loss of 62½ per cent. One other remark about this company and they will be dismissed; the fifty nine bonds left in Mr. King's hands by General Stapp were bonds sold the company at 88 cents to the dollar. The company seek to evade the payment by a delivery of the bonds, and a renewal of the contract; and during the past season, by the secret connivance of one fund commissioner and an illegal and void contract with another, entered into by practising a deception on him by a false receipt, get the bonds worked out on the railroad, at a heavy sacrifice to the State. They now seek to evade paying for those bonds on the ground that the State has had the use of them on the road. We deny that the State sanctioned any part of the proceedings. There was no law authorizing the renewal of the contract in March last. There is no law, and there never has been any, authorizing an agent or officer of the State or board of Internal Improvement, or acting commissioner, to use bonds in the payment of contracts. The law of last winter especially provides that the bonds shall be sold for cash only; that the cash should be deposited in the treasury and thence drawn out by audited checks, and in no other manner whatever. The drafts which the company have received are illegal, any settlement they may make or have made, with the fund commissioner, on these drafts is void; they are wood cocks caught in their own spring. Your committee are for holding them to their first purchase of the bonds; their shallow devices ought not to deceive us. If such have been the operations on the Madison and Indianapolis railroad, what shall we say of the officers employed on it, and how shall we distribute the blame among them? Governor Noble must bear all the blame of renewing the contract with the bond company. Mr. Mason, the acting commissioner on the road and Mr. Williams, as far as he had a knowledge of the matter (which does not appear) must bear the responsibility of using the state bonds on the road instead of cash. Dr. Mason vindicates himself by the act appropriating \$400,000 to the Indianapolis and Madison railroad, and the act of last winter authorizing the laying down of \$100,000 of railroad iron on the Madison and Indianapolis railroad under the superintendence of the board. Neither of these acts in any way justify the out lays of of the past season. The act first above referred to was an ordinary act making an appropriation to a road, and authorizing the sale of bonds to carry the road on. This act was surely subject to repeal, and was very essentially qualified by the legislation of last winter. The law of last winter was express on its face, that no bonds should be sold for less than par and for cash; that the proceeds should be deposited in the treasury and checked out by audited checks. There never was any law that authorized bond estimates to be made on our public works. Dr. Mason shews in his further defence cer-

tain cogent reasons of expediency which justified, in his opinion, the outlays; one of which was that the State agents, in purchasing the railroad iron, had given bond, under the act of Congress, to lay it down, within two years time of its entry into port, or else pay the duties which amounted to nearly \$12,000; several other reasons of a similar nature, such as the great waste of cedar timber, and other materials purchased for the road, unless the same was laid down immediately.

To all this your committee answer, that the State had chosen her own course of conduct, and published it in the statute book. Similar losses were being sustained at other points on the public works, and it was with full knowledge that such losses must occur, that the Legislature acted. The state credit had sunk until her bonds had depreciated to a great extent in market. It was obviously dishonorable in the State, when she could not pay interest on her debt, to suffer her bonds to be peddled out, on the public works, at fifty cents to the dollar.

She had denied her agents this authority in the statute book, and they had nothing to do but to obey. Your committee deny that the board of internal improvement have any right to set aside the statutes, because they think the interest of the State requires it. For these reasons Dr. Mason's defence is thought inadmissible.

The extension of the contract with the Madison bond company, from time to time, by Messrs. Palmer and Stapp, and the delivering by them of 41 of the bonds signed by Scott and Stapp to the Madison bond company, was equally without the sanction of law, as the sale made by Mr. Noble to the bond company. Messrs. Scott and Stapp signed the whole number of Madison and Indianapolis railroad bonds, which were left with General Stapp, under the conditional contract, to be delivered up, if the contract was confirmed, on or before the 10th of December, 1839. This contract was then extended to March, and expired. In the winter of 1840, an act of the Legislature was passed, prohibiting any fund commissioner from selling or disposing of any bonds, until the same were signed by the Treasurer whose duty it was to keep a register thereof.

It is manifest that, after the expiration of the contract with the Madison company, in the spring of 1840, if any more bonds were subsequently sold them, they should be signed and registered by the Treasurer and yet the contract was renewed, from time to time, by the fund commissioners, Stapp and Palmer, and forty-one of the old bonds were sold, without the compliance with the requisitions of that statute. By continuing this contract, after its expiration, the officers on this road seem to think that they could evade any legal enactments made subsequent to that appropriation. The facts relating to this sale will be found in the joint report of Messrs. Palmer and Stapp, page 56, second part of Documentary Journal, 1840—1841. But it is but justice to Messrs. Noble, Mason and Palmer, to say, that your committee find no evidence of either of these gentlemen being, in any wise, connected with the Madison bond company.

The loud lamentations of the company, spread on our journals, complaining of the suit brought against them by Mr. Noble, sufficiently indicate that he is doing his duty towards them.

What remedy should be had against the officers, and how to distribute their liability, is a question of some difficulty. Some of the remedies of the State may be concurrently prosecuted against the different officers and the bond company at the same time. In other instances it would be necessary to make an election. These matters must be left to the discretion of the attorney of the State.

MR. NOAH NOBLE,

Fund commissioner and member of the board of internal improvement.

This gentleman served as a member of the board of internal improvement, from the expiration of Mr. Morrison's term of service, until he was appointed fund commissioner. One of the charges against him relates to the change made in the termination of the White-water canal at Lawrenceburgh, Indiana. It has been attempted to be shown before the committee that this change of location was made from private and interested motives. That Mr. Noble designed thereby to enhance the value of the property of one of his relatives, Enoch D. John. Gen. Long's termination of the canal would have placed the basin on the second bank of the Ohio river, from which he proposed to let off the water by tumbles into the river. Gov. Noble extended the canal to the usual steamboat landing at Lawrenceburgh. In this extension Mr. Noble appears to have been governed by correct motives. He was sustained by the opinion of Engineers; and the correspondence of Gov. Noble with citizens of Lawrenceburgh at the time, exhibits to your committee unequivocal proof of the correctness of his motives.

To have stopped the canal at a distance from the river, and have a drayage of produce for a half mile would have given a great advantage to the Cincinnati branch of the white-water canal. The extension of the canal to the river was clearly good policy. The usual steamboat landing appears to be the proper termination of the canal. It is the best landing, the only one at which business is done, and if Mr. John was incidentally benefitted by the location, your committee do not perceive any reason to believe that circumstance weighed a feather in the mind of the commissioner.

Another charge against Gov. Noble is that, while acting as commissioner on the northern division of the Central canal, he employed one Alvord to buy up the estimates of contractors at a discount. On this subject some hearsay testimony got on the journal of the committee, without attracting notice at the time. It amounts to nothing, howev-

er, and there is direct and undoubted testimony to prove the contrary. Alvord was employed to settle with contractors, and purchased a few estimates at a discount for himself, and without the knowledge or consent of Gov. Noble. There is no testimony to support this charge, and the proof is to the contrary.

Another charge against Gov. Noble requires to be examined more minutely. One J. H. Hendricks, the contractor on section No. two, testifies, that in the spring of 1840, about \$17000 was due him for work done on the 2d section, the pay for which he was not entitled to receive without suspending operations on the contract, according to the term of the act for the relief of contractors. That he produced at the office a list of the names of certain persons in whose favor he wished drafts drawn for the money due him; that to these persons he owed nothing at the time, and that the person who made out the drafts for treasury notes, set just such amounts opposite to the names of each individual as he chose; and that the whole transaction was a fictitious one, and that he drew his money on the drafts. He further states that Gov. Noble suggested this arrangement. Mr. T. A. Morris, who was the individual who made out the drafts, testifies that in the settlement he did not deviate from the rules by which he was governed in other settlements made by him. It was the practice to issue drafts first for all due-bills filed against the contractors for labor, &c.; then for all notes of hand or accounts or claims filed, which the contractor was willing to pay in this manner. Mr. Hendricks gave me the names, I think, on a small piece of paper, which I think also contained the amount to be paid to each name. If the amount was not on the paper handed me, he stated to me how much to issue drafts for to the names so given, and no other names or amounts were used than those dictated by him. Mr. Hendricks spoke of owing large amounts on account of his work, as I understood at the time; he gave me the amounts for the drafts, not as the precise amount due each individual, but as a probable sum due for claims. Mr. Hendricks did sign receipts which recited that they were for drafts given on account of claims. All the persons for whom drafts were issued, were then engaged in business in Madison. Gov. Noble took no direction of the settlement, nor do I believe that he ever saw the names used in filling up the drafts, until the drafts were presented him for his signature. I do recollect of his making some observations to Mr. Hendricks about the amount of claims being so large, at which Mr. Hendricks enumerated various sources of expense for the work, and among others mentioned, I think, his powder bill. Mr. Morris also exhibits and proves a letter from Mr. Hendricks to Gov. Noble, written prior to the settlement, complaining of the importunity of the laborers, who threatened to turn out for their pay. Mr. Hendricks was again examined by the committee and reiterates his testimony with distinctness, alledging that the transaction was a fictitious one, and that it was suggested by Gov. Noble, and denies that he furnished the amounts for which the drafts were to be issued. Gov. Noble denies Mr. Hendricks' statements, unequivocally in his

examination, and refers the committee to a joint resolution supplemental to the bill paying contractors, which makes it his duty to retain the amounts due to laborers and to other persons for materials, and also all debts, claims, or orders, due and acknowledged to be due, by contractors to any person, and requested to be paid by him. The duty of the commissioner was simply to ascertain whether a debt was acknowledged to be due by a contractor and whether he wished it paid, he had no authority given him to test its validity by an issue at law, or to hear testimony. The question is, did Gov. Noble suggest to Mr. Hendricks this method of evading the law or not. Your committee take one fact for granted, to wit: that the transaction was a fictitious one. If Mr. Hendricks' statement be true, Gov. Noble was guilty of inventing a fiction to evade the law. Several considerations have to be weighed in determining this question. The positive testimony of Mr. Hendricks is balanced by the positive testimony of Mr. Morris. Mr. Morris maintains that these names were presented as the names of actual creditors, and the amounts due each dictated by Mr. Hendricks. This Mr. Hendricks denies. Mr. Morris maintains further, that on the presentation of the drafts to Gov. Noble he objected to them because the amounts were so large, and that Mr. Hendricks proceeded to explain away that suspicious circumstance, by enumerating the heavy expenditures he had been subject to, and particularly the powder bill for blowing rocks. Mr. Hendricks denies this. So far the testimony appears to be balanced. There are several considerations which should turn the scale. It is clear that Mr. Hendricks was interested in deceiving Gov. Noble, and Gov. Noble had no interest to connive at his deceptive practices. On the contrary he would have hazarded his reputation for nothing. It was Mr. Hendricks who got the money, not Gov. Noble. Secondly, the written testimony makes strongly against Mr. Hendricks; the letter which he wrote to Gov. Noble urges very strongly his need of money to pay his hands. This letter there could be no use in writing if he had had any private understanding with Gov. Noble that he should get his pay by fictions. Lastly, Mr. Hendricks appears before the committee in an attitude more unfavorable than Mr. Morris, because, according to his own showing, he was party to a fraud on the State, one, it is true, of a mitigated character, since he was only getting his due, but he was still getting it by a deception. On the other hand there was a strong desire on the part of the officers engaged on the Madison road to carry it on and that may have been an inducement to them to evade the direct operation of the law. Your committee state these considerations as grounds proper to be weighed one against another in deciding this question; they feel great aversion to expressing a decided opinion since the doing so would condemn one or other of the witnesses. They are, however, constrained

to decide on these facts, in favor of Gov. Noble.* There have been no charges against Gov. Noble touching his conduct as fund commissioner, except the extension of the contract to the Madison bond company, which your committee think to have been illegal and strongly condemn. In other respects we find him free from blame. But little money could have passed through his hands this year and we find no charges against him as disbursing officer at any time. Your committee have in another part of this report, suggested the proper remedy against Gov. Noble, on the illegal transaction above named.

DR. COE.

The committee have to make a somewhat detailed statement of the matters connected with the operations of this fund commissioner. That he may have incurred much censure, in public estimation, which was not justified by his conduct, your committee feel inclined to believe. But we are constrained to bring to the notice of the Senate certain matters, touching his official conduct, which they cannot view in a favorable light. His own examination discloses the following facts. 1st, That he was a stockholder in the Morris Canal & Banking Company, (an institution by which the State has sustained heavy losses) during the time he was making sales of our bonds to that company. Thus he was at the same time acting in the capacity of a seller and buyer of the state bonds. This is a violation of a well settled principle of law, by which the trustee is prohibited from placing himself in such an attitude that his own interest is brought in conflict with the duties imposed on him. We find from his examination, also, that he was a stockholder in the Staten Island and Whaling Company, and director in the Staten Island bank. It is but justice to say that Dr. Coe alleges that his office of director was assumed with a view of guarding the interest of the State. Such is the vindication of his conduct presented by himself, and your committee see nothing in the facts disclosed, relating to this matter, by which an inference more injurious to him could be drawn. Of the next matter in Dr. Coe's official conduct, worthy of particular notice, your committee cannot make so favorable a report. In order that exact justice may be done him, your committee will here quote his own words. In

*The following note is made at the request of Mr. Chamberlain, a member of the committee, viz:

He does not concur in the above conclusion, for the reason that he believes that, it is not justified by the testimony; the preponderance of which, in his opinion, when all considered, clearly implicates Noah Noble, as the prime mover of arrangements, by which the work was prosecuted in direct contravention of law.

page of the journal of the committee will be found the following statement of Dr. Coe, viz :

"Some three or four months after the renting of the factory, and before I had received payment for the Winchester and Potomac bonds, an offer was made me of \$100,000 of Indiana 5 per cent. bonds, *below par*; the lowest price the commissioners had then sold them, and apprehending that they might be offered still lower, if not taken out of the market, and thereby injure any further sales for the State, I obtained the refusal of them ; and the Morris Canal & Banking Company being large holders of our bonds, and therefore interested in preventing a depression in price, I applied to them to take them out of the market ; they however, refused to purchase them for cash at that price for which they were offered, but agreed, if I could make a sale of them on credit, that they would, to facilitate the operation, discount the paper, if the security was undoubted. Shortly after this I received an acceptance, on time, on the house of Brown of Baltimore, for the Potomac and Winchester bonds, which I got discounted of the house of Brown and Brothers, in New York, and purchased 50 of these bonds for the Staten Island and Whaling Company, and I think, exchanged them for those previously put in their possession. If not they were substituted, being of the same denomination and value, but my present belief is, that they were exchanged. There still remained 50 of the bonds offered for sale, and by dint of several negotiations, I eventually procured for them, a part in cash, and the remainder in paper well secured, at about six months to run, which the Morris Canal & Banking Company, according to agreement, discounted, and with it and the cash obtained, I paid for the bonds, but in ordering this, I once, and only once, recollect of using 20 state bonds (\$20,000) as a collateral security a few days, while making the exchanges necessary for the different transactions, the stock being taken in different parcels, which I felt justified in ordering, it being necessary to facilitate the taking of these bonds out of the market, and much more, as I believe, for the interest of the State than my individual profit ; and had these 20 bonds been by any means lost, myself and securities would have been abundantly responsible to the State." Doct. Coe proceeds, a little further down the page, in allusion to these transactions, that he did make something individually, but without possible prejudice to the State, for he never asked the person offering to take less than his first offer. Your committee have given this extract more fully in order that Dr. Coe's vindication of himself should, the more distinctly, appear on the face of the report. The law of the case is clearly against the Doctor, through the whole transaction. A trustee has no right to trade in the trust property. The law does not permit an agent to make a profit to himself, by any dealings in the property committed to his charge. He is not permitted to place himself in a situation in which his individual interest is opposed to the interest of his principal, and if he makes a profit, by any operations connected with the subject matter of his trusts, he is compelled to account to his principal. To apply these principles to

this case, Dr. Coe was agent of the State to make sales of her bonds in the eastern markets, on the best terms practicable. It is evident that in the purchase of these state bonds with his individual means, his interest was brought in conflict with the interest of the State. The charge of keeping up the credit of the State was committed to him, and he evidently had the power of depressing the stocks in market, if he wished it ; and whenever he became a buyer of state stocks it became his interest so to do. The law does not permit this conflict of interest and duty, and whatever profit Dr. Coe may have made in the transaction enures to the benefit of the State, even although he had employed only his individual means in the transaction. This however, was not the case. Dr. Coe confesses that \$20,000 worth of the state property (i. e. 20 bonds) were employed as a collateral security to aid him in effecting these operations, by which, he says, he made some profit. If the capital of the State was employed to aid him in the transaction, on what principle can he justify himself in not dividing profits with the State. The amount of profit made by Dr. Coe in this transaction, does not appear on the face of his answer, and your committee did not feel justified in pressing an involuntary disclosure from Dr. Coe, of the amount of profit realized, on the principle that no person can be compelled to testify against himself. The circumstance of its being withheld, induces your committee to believe that the profit was considerable, and this conclusion is justified by the evidence of James Farrington, Esq., to whom Dr. Coe said he had made about \$10,000 by some operation in state stocks, bonds and mortgages. Whether this was or was not the same transaction your committee cannot determine. There are other operations of Dr. Coe in stocks and bonds, which your committee disapprove, a more minute notice of which is not deemed necessary, as nothing connected with the transactions disclosed, renders them so decidedly illegal as to subject him to any liability. But your committee cannot sanction the practice of a fund commissioner going into market, on any pretext whatever, and buying up state bonds with individual means. The temptation to use the means of the State, and to abuse her credit for individual gain, is so great that it cannot but result in the grossest abuses. If it be necessary, to sustain the credit of the State, for the fund commissioner to buy up floating bonds, the purchases should be made with the funds of the State, and the profit accounted for. Your committee recommended the filing of a bill in chancery against Dr. Coe, to compel him to disclose on oath, the amount of profit which he made in all such transactions, and to compel him to account for the same to the state treasury.

Your committee deem him censurable for rash and precipitate action, in the sale made to the Pontiac railroad company, and to the Erie county bank. This sale appears to have been made without the consent of his colleagues and against their judgment. The bonds were delivered before the sale was confirmed by them. This circumstance rendered it doubtful, in the opinion of Dr. Coe's colleagues, whether the bonds could be regained, and made it expedient in their

judgment for them to confirm the sale. The sale resulted as Messrs. Farrington and Smith feared, in a heavy loss to the State. In mitigation of this censure your committee deem it just to state, that this sale was made for a very good price. But Dr. Coe in his eagerness to effect a good sale was not sufficiently circumspect as to the solvency of the purchasers, and adequacy of security.

In order to show the course of Dr. Coe, and his speculations whilst Fund Commissioner the following additional facts are given as they appear from the testimony.

During Dr. Coe's term of service the Lawrenceburg and Indianapolis railroad company, were desirous of converting into cash the bonds of the state, which they held for \$100,000, and for that purpose, despatched Mr. Omer Tousey to New York. That gentleman (finding it to be almost impossible to cash the bonds, owing to the great scarcity of money) applied to Dr. Coe, who cashed the bonds for him at the rate of ten per cent per annum.

It will naturally here be asked, by what means Dr. Coe was enabled to do this without using the funds of the State.

He says, "I took the risk upon myself, in case the debt due from the Cohens to the State should be drawn out of their hands below \$200,000 before the draft became due, (i. e. the draft cashed by the Cohens for \$100,000,) to individually take it up. On these conditions I obtained the draft discounted at seven per cent, and the difference between which and ten per cent, between \$1,500 and \$1,600, the exact sum I do not recollect, in doing this I perhaps acted imprudently in taking the risk for the compensation."

Thus it is made evident that for the mere verbal promise, that in case the State called for the \$200,000, then laying in the hands of the Cohens with which money Dr. Coe and they, cashed for Mr. Tousey \$100,000 of state bonds, the Cohens keeping that proportion of the discount which amounted to seven per cent. per annum and Dr. Coe the overplus, Dr. Coe receives a clear profit of \$1,500 or \$1,600, and the capital employed belonged to the State.

Independent of this acknowledgment, being entirely inconsistent with his previous denial that he had not used, except in one instance, the funds of the State as a capital to speculate with, it appears quite possible and even probable that much of the loss the State ultimately sustained from the Cohens, originated from allowing the funds of the State to lay too long in their hands, and if all was not due and payable at the time of their failure, these accommodations and mutual profits, by using state funds, must, by their very nature, tend to destroy that strict vigilance, with which the fund commissioner should always guard the interests of the State.

But with respect to Dr. Coe's conduct, whilst acting as fund commissioner, the most extraordinary and startling facts are his intimate connection with the Morris Canal & Banking company, an institution by which Indiana has sustained most enormous losses. It appears by information obtained, under the authority of the committee, from New York, that Dr. Coe bought in November and December

1836, 70 shares of the capital stock of the Morris Canal & Banking company, in July 1837, 298 shares and in August of the same year 40 shares, making a total of 408 shares of the capital stock held by him, and with the exception of 10 shares sold in February 1837, he continued to hold the same, until transferred by him to the company on the 19th of October 1840.

Here we have an exposition of facts most extraordinary in themselves and which the committee cannot find any language sufficiently strong to express what must have been the baneful consequences from the influence acting upon Dr. Coe when negotiating in behalf of the State, for immense sums, at the very time he was personally and directly interested as a heavy stockholder. But we must not stop here. The committee also obtained an account of numerous benefactions received by Dr. Coe from the Morris Canal & Banking co., which, upon their face, evince anything but a just regard to his duties as fund commissioner, as a mere exposition of the facts alone will make evident.

He is credited with a commission of five per cent. upon a sale of \$400,000, (supposed stocks)	\$20,000
His half of profits on a sale of 280 bonds,	11,200
All his stock 398 shares in the Morris Canal Bank at par which at the time were not worth more than fifteen cents on the dollar making a difference of about	33,680
Also his note for about	39,000
	<hr/>
	\$103,880

Here we have it evident that Dr. Coe received commissions and profits and benefits from the Morris Canal & Banking company alone of more than \$100,000. It needs no comment.

It is proper to add to this statement the manner in which this testimony was procured. Dr. Coe refused to inform the committee of the amount of his stock in the Morris Canal & Banking Company and as Mr. Sweetzer was just starting to New York, as agent of the fund commissioner, it was thought advisable to ask him to procure such abstracts from the books of the company as would cast light on this subject. He accordingly enclosed us in a letter an unauthenticated transcript of the books, from which these facts appear.

Note by Mr. Eggleston to Dr. Coe's case.

Since the report was read, Dr. Coe informs me that the committee have committed an error in the statement of his account with the Morris Canal & Banking Company. The items in the account as stated by the committee after the first two, are said to be incorrect. This may be so, the committee may not have understood the nature of the entries on the paper furnished us owing to the vagueness of the

account, and accordingly an opinion is not expressed in an unqualified manner about the remaining items. They appear to us to be correct however.

J. C. EGGLESTON.

CALEB B. SMITH AND JAMES FARRINGTON.

Your committee have examined the statements of these gentlemen. They were both fund commissioners at the time of the sales made of state bonds to the Erie county Bank and the Pontiac railroad company, by which the State sustained a loss. They concurred in opinion relative to the unsoundness of the Free-banking system of New York, an opinion which time has verified, and united in opposing any sales on credit, of our stocks to any of these institutions. The sale made to the Pontiac railroad company and Erie county Bank they opposed in its incipient stages and but for the indiscreet act of Dr. Coe in delivering the bonds before the sale was confirmed, they would not have sanctioned the sale. In making the sale to the Western Bank of New York, your committee have every reason to believe that they used all due precaution to secure the debt. The securities exacted by them appeared to be ample, and as many precautions appear to have been taken to guard against imposition, as the circumstances permitted. If any of these were worthless at the time, a very ingenious fraud, (covered by testimonials of the most imposing kind) must have been practised on them. In order to obviate the necessity of a more detailed report on the various sales by our fund commissioners on credit, your committee would here remark that frequent losses must eventually ensue under the system. The looseness of the law defining the duties of the fund commissioners, there having been no legal provision to prevent it until the winter of 1841, throw the whole *onus* of these losses upon the legislative department of the government, except those cases in which losses might have ensued from the carelessness or fraud of the fund commissioners. In a great majority of the cases where losses have ensued, your committee think them chargeable to the system, not to the agents employed. It is out of the nature of things that agents sent to a strange market to deal with men of whom they could have no previous knowledge, entrusted with millions of the state bonds, which they were directed to sell on time, could escape being occasionally imposed on by false securities and fraudulent practices. The lessons which our experience on this subject has taught us, have been too dearly learned to be disregarded. These remarks are intended to apply to all those cases in which losses have been sustained under the system, without misconduct on the part of the officers engaged in effecting sales. Your committee exculpate Messrs. Smith and Farrington from either carelessness or fraud in any of their sales.

In the case of Mr. Smith the attention of the committee was drawn to a gratuity of \$200, made him by Mr. Lanier of Madison. A gratuity of a like sum was made, by the same individual, to Dr. Coe while fund commissioner.

Your committee on examination of the facts can find no shadow of evidence tending to shew that it had any connection whatever, with their official duties, or that it, in any way, influenced their official conduct. The reception of it is then merely a question of propriety, to be decided by their own delicacy, on which your committee have no right to express an opinion.

MR. SAMUEL MERRILL.

This gentleman acted as Bank agent and made a loan on credit to the Morris Canal & Banking Company, by which the State lost a large sum of money. We do not see any thing in Mr. Merrill's loan to distinguish this transaction from other loans on credit which have turned out unfortunately. There are no charges against him affecting his character. We believe that he acted imprudently in this negotiation, and without using the proper means for securing the interest of the State. He appears to have been as much infatuated and spell bound as any of our eastern agents.

MR. LUCIUS H. SCOTT.

There are no charges against this gentleman, nor has he been examined, being unavoidably prevented from attending at Indianapolis.

MR. SAMUEL HANNA,

Served as fund commissioner for several years. There are no charges against him.

JEREMIAH SULLIVAN, ESQ.

The same remark will apply to this gentleman.

NICHOLAS McCARTY.

There is nothing in this gentleman's case to distinguish it from that of Messrs. Sullivan and Hanna.

MILTON STAPP, FUND COMMISSIONER.

Your committee deem it impracticable to test the conduct of this gentleman by the rigid rules of right and law. The task would be interminable, for the enquiry obviously would not be, what has he done wrong, but what is there in his whole business correctly done. His complicated negotiations with Sherwood, Danforth, Dodge, Robinson and others, his loans of state property to sustain tottering swindling shops, his antedated letters and receipts, his negligence and confusion in business, his improper connections with brokers, shavers and swindlers are facts too glaring to be denied, too grossly wrong to admit of palliation, and too palpably indefensible to invite attack. Your committee will not occupy the time of the Senate with a labored comment on the matters of accusation and defence, contained in the report of Gov. Noble and the letters of General Stapp; but deem it their duty to report such additional testimony as they have been enabled to procure, tending to throw any light on the subject matter of those reports. It appears from the testimony of Wm. Hendricks, jr., that Sherwood was introduced to him by General Stapp, and that Gen. Stapp recommended him as a suitable agent to use Gallipolis paper, in the purchase of treasury notes; that he and his sub-agents purchased a large amount of treasury notes with this paper for Sherwood. Mr. Stewart, a witness before the committee, testifies that he was in New York a short time before the explosion of the Gallipolis concern, in December, 1840, with twenty state bonds, which he wished to dispose of. Gen. Stapp advised him to sell the bonds for Gallipolis paper, stating that he could get more from Sherwood than any other person, and that Gallipolis paper would answer Stewart's purpose, as he intended to disburse the same in Indiana. Stewart objected to take the Gallipolis paper, stating his belief that the bank was insolvent, because it was endeavoring to circulate all of its paper, that it possibly could. General Stapp referred to the report of the bank and the character of its directory. To which Stewart reiterated his opinion of the insolvency of the bank. Gen. Stapp then stated that he would guarantee the bank to the first of May. After remaining in New York eight days Mr. Stewart made an arrangement, by which he sold ten bonds on condition that he got the money. Gen. Stapp gave him an order on Stewart's [Sherwood's] agent in Madison for the Gallipolis money on delivery of the bonds, which order is produced in Gen. Stapp's hand-writing. Before Mr. Stewart got

to Madison the bank exploded, which defeated the contract. Before Stewart left New York he stated to Gen. Stapp that he should need about \$2,000 as he had some debts to pay in Philadelphia, and that he would thank him if he would dispose of 3 or 4 bonds for him; to this he kindly consented. He disposed of them to Drew, Robinson & company; paid him in their draft five days sight on a bank in New York, except \$200 which was paid in cash. The draft he attempted to dispose of in Philadelphia but could not, on account of the doubtful character of Drew, Robinson & company, and had to wait until the draft matured, which, when presented, was paid. Sherwood's character is proven to have been at that time, by the same witness, that of an artful, designing man. Mr. Stewart also heard in New York, a conversation between Sherwood and General Stapp, from which it appeared that an Illinois commissioner had sold Sherwood \$100,000 of Illinois bonds for an equal amount of Gallipolis paper, under an agreement that he would buy Illinois state scrip; the profits to be divided equally between Sherwood and said commissioner. That the commissioner had gone home and reported the sale to the Governor as a sale of bonds at par. Mr. Sherwood appeared much displeased with the commissioner, and General Stapp remarked, in a jocular manner, that the Illinois commissioner was a rascal and had cheated Sherwood out of fifteen or twenty thousand dollars, and that Sherwood ought to hold him to his contract, for he understood there was a distinct agreement between them.

This testimony has an important bearing on General Stapp's conduct, as your committee conceive. This Gallipolis bank was nothing better than a swindling shop. The fact that Sherwood had large amounts of its paper at his disposal, that he was trying to put it off by means of agents in Indiana, Illinois and elsewhere, which facts were known to General Stapp; the fact that General Stapp himself assisted Sherwood to employ agents at Madison to disburse it; his knowledge of a disgraceful transaction between Sherwood and the Illinois commissioner; and lastly, General Stapp giving an order on Sherwood's agent in Madison for \$10,000, strongly indicate to your committee that there was an improper connection between them; that Stapp was a partner in these transactions of Sherwood, or was employed as his confidential agent in many of his nefarious practices. This testimony is not at all affected by the proof that other members of the directory of the Gallipolis bank sustained a good reputation. In view of these facts, General Stapp's claim of credits for Gallipolis paper on hand, should undoubtedly be disallowed. Your committee append to this report divers letters marked from A to H. These are letters written to General Stapp and by him deposited in the fund commissioner's office. Danforth's letter A, General Stapp says in his explanation, is a letter of apology on Danforth's part for not paying more than \$10,000 of the \$30,000 which he had promised to pay. Letter B, General Stapp says explains itself. Letter C of Cole, refers to an extension of time, which General Stapp had given the Binghamton bank with the understanding that the payments were

to be made in eastern funds ; this letter is urging Gen. Stapp to change the arrangement so that the payments might be made in western funds. Gen. Stapp in his explanation shows what was done under it, which is deemed immaterial, as your committee draw no inference from the letter injurious to General Stapp, except that we deem the extension of time granted, and the change in the arrangement to have been a very hazardous operation. They make a good many fair promises to Gen. Stapp, which he requests us to notice. In explanation of letter D, General Stapp says that he loaned the N. A. Trust and Banking company 60 of our bonds to be hypothecated to aid them with their payments in July. Gen. Stapp thinks this loan enabled the company to make a payment to us of \$70,000 which we would not otherwise have obtained. The practice of loaning state bonds, by a state agent, to failing creditors to prop them is new to the committee. We have been unable to find any law to sanction it, and it appears to us to lack any plausible reason to sustain it. It is bad enough for the State to be driven to the desperate expedient of hypothecating bonds on her own account, but to lend our bonds to tottering companies to be hypothecated, for the purpose of sustaining, for a few months, the deceptive appearance of solvency, is an outrage not to be tolerated. In explanation of letters E, F and G, Gen. Stapp informs us that he had loaned to the infamous Sherwood 40 of our state bonds to sustain the Erie county bank as he understood, and that Sherwood told him, when asked to return them, that he had joined a company to purchase up Dry Dock stock and that it would cramp him very much to return the bonds then, but that when the stock should be all purchased he would then pledge it and pay him. Sherwood offered Stapp a share in the Dry Dock speculation which he declined and never owned any of the Dry Dock stock. (Here is another confession of a loan of 40 of our bonds to an infamous stock-jobber.) In continuation General Stapp says, that of 40 bonds heretofore spoken of, Sherwood returned 30, leaving 10 still in his hands, which he kept until General Stapp gave him the bonds to take up the old loans and make new ones. The explanation is of much length and your committee have not patience enough to dissect it, but in order that General Stapp may not complain of injustice, it is appended and made a part of the report marked (X.) The following table exhibits in figures the results which strike your committee :

General Stapp loaned of our bonds as follows, to wit :

To Sherwood	40	returned 30, leaving	10
To do.	30	"	30
To Beers	60		—
	—		40
	130		

The number of bonds confessed to be loaned is, 130. The whole suspended debt from these loans is \$40,000 for all of which General Stapp should be held accountable. Your committee consider the apology infinitely worse than any inference which could be drawn

from the letters. General Stapp seems to have thought that he had a right to loan the credit of the State, at will, to the swindlers and brokers in Wall street, and bad indeed must be the conduct of any public officer who offers such facts as these by way of apology. Your committee spent some time in examining General Stapp's cash account but came to no satisfactory conclusion. His business has been done in such a confused and heedless manner, as to render such an examination a very tedious business, requiring more time than was allowed us. The balance against him on the cash account stated by the present fund commissioner is about \$69,000. This is stoutly denied by General Stapp. Your committee recommend [that] that matter, and all others above noted, be settled by a suit on General Stapp's official bond.

Your committee have thus concluded their labors. But they cannot dismiss the subject without saying to the Senate, and through the Senate to the country, that their labors have been not only arduous and perplexing, to a degree unknown in the past legislation of the State, but also of a most painful and disagreeable character. The session has been a brief one; and yet remarkable, not only for the immense amount of local legislation, but legislation of a general kind, affecting most extensively, be it for good or evil, the most delicate, important and exciting interests of the State, now peculiarly alive to her disastrous predicament, and the past and present doings, at home and abroad, of all her public functionaries. In addition to a necessarily active participation in all this legislative action, as it has daily progressed in this chamber, each member of your committee, at the opening of the session, had a station assigned him at the head of some one of the most important of the standing committees of the Senate, a station taxing him almost daily with great labor and much responsibility. In addition to all this has been superadded the toils and perplexities of this investigation, to which they have indefatigably applied themselves, during more than forty nightly sessions, protracted long into hours due to repose from their other labors. They have brought before them an immense number of persons and papers from almost every part of the State, and have diligently searched back through a continuous period of some eight or ten years, years never to be forgotten in the history of Indiana. They have accumulated and journalized at length, and have attempted to digest and analyze, an amount of testimony which would make a much larger volume than that of the Revised Statutes of 1838. But the task, herculian as it has been, was assigned them by the election of the Senate; the country demanded that it should be performed; and they have gone through. It would be an unpardonable arrogance in your committee to pretend that their statement of what appear to be facts, is always correct, indeed that they have not often been misled by appearances. Amidst the bewilderments through which they have been compelled to thread their way, it would be passing strange if they have not sometimes mistaken their true course. And they regret this the more, because of its

bearing upon the conduct and character of some of the most prominent men of the State. But the public mind has been, and is still, laboring under a feverish experiment, and justly so. Investigation was not, and is not, to be avoided. Light and truth must sooner or later have appeared, and for the justification of the upright, as well as the condemnation of the guilty they could not appear too quickly. Your committee entered upon their labors with little, if any other lights than those that were already before the mass of their fellow citizens. And candor compels them to say, that they have been baffled in their efforts to illuminate with undoubted certainty, much of the ground they have endeavored to explore. Painfully conscious of these difficulties, they greatly distrust some, and with much diffidence, they reluctantly state many more, of the conclusions to which they have been driven. But they have anxiously sought after truth, and painful though it be, they have fearlessly and frankly stated their conclusions. If they are wrong, time and circumstances permitted nothing better. Their duty imperiously demanded nothing less. They therefore ask to be discharged. All of which is respectfully submitted.

Your committee recommend the passage of the bill herewith presented.

J. C. EGGLESTON,
S. W. PARKER,
THOS. D. BAIRD.

The undersigned disagree particularly to that part of the report of the committee of investigation, which, in tendency, goes to exonerate Noah Noble from the knowledge of the fictitious payments, made to Hendricks, a contractor on the Madison and Indianapolis railroad. The evidence on record, together with the contracts signed by said Noble, for work upon said road, and which have been read in the Senate chamber, all go fully to confirm them in the opinion, that Noah Noble both knew and was fully aware of the character of the fictitious payments above alluded to.

NATHL. WEST,
E. M. CHAMBERLAIN.

The undersigned being further well satisfied, that the testimony does not justify conclusions exonerating Jesse L. Williams from blame in the manner set forth in the above report, dissents entirely from so much thereof as relates to such conclusions.

E. M. CHAMBERLAIN.

APPENDIX.

A

(*From D. Danforth.*)

COLUMBUS, OHIO, Oct. 10, 1840.

MILTON STAPP, ESQ.,

Dear Sir: I have this day sent by private hand, a package marked to your address, care of S. G. W. Gano, Esq., cashier of the Lafayette Bank, Cincinnati, Ohio, containing ten thousand dollars. Five thousand Circleville, Ohio, and five thousand West Union, Ohio, a portion of them small notes; this is all I can send you at this time; and I have the arrangement made so that I shall be able to send you more very soon. I have had some trouble in putting matters in proper shape at the bank, owing to the derangement that Cole made in the affairs; but I now have the matter all in proper shape, and in a short time it will render me very great assistance. The bank now stands in a good condition for doing business, but the board are afraid to issue much until the banks resume, as they are determined to continue to pay specie. Now, my friend, I want you should be very careful about making use of the notes, but in such a way as they will be sure of getting a good circulation: in Cincinnati they are worth a premium from the fact of the bank paying specie. The credit of the bank stands high in this section, and I am determined to keep it so. I had to pay off all the liabilities that Cole made, before I could rise in the bank with perfect confidence to the directors. I have done so; he was indebted to the bank, when the late trouble commenced, \$57,000, which debt now is all discharged. I stand a No. 1 with them, and in a very short time I shall be able, I trust, to discharge all the debt that I owe the State and the M. railroad company. I am bound to meet all my obligations honorably, and if my life is spared it shall be done. I intended to have went down to Madison, but I feel desirous to get back to New York, on account of business. Cole has done me great injury in this country; but I am getting all things in better form, and as regards myself, I stand well, but the name of Cole is very odious, I find here. But as Jackson said, "I intend to take the responsibility and go a-head." I shall be very glad to hear from you on your return to Madison. You may expect a further remittance from me very soon.

Yours very truly. In haste,
D. DANFORTH.

N. B. I leave this place to-morrow morning for New York, and I hope to meet you there, or on the way.

B

(From Dwight Danforth.)

NEW YORK, 28th Oct., 1840.

MILTON STAPP, ESQ.,

Dear Sir : The amount paid you as fund commissioner on the 1st September last, we wish applied on the amount due from us to the Madison railroad company, as also the amount of our acceptance due at Merchants Bank, 1st November. In meeting our debt to the railroad company, we shall be under the necessity of asking an extension on the amount due the State, which we hope you may be pleased to grant. You are so well acquainted with the situation of our stock market that it will be useless to go into any explanation of causes. Should you require additional security we will give it you; but, an extension of time on amount due the State is very important to us. Please let us hear from you as soon as convenient.

Very respectfully yours, &c.
 DWIGHT DANFORTH, & CO.

C

(From C. L. Cole.)

NEW YORK, 16th Oct., 1840.

Dear Sir : Mr. Danforth has returned from Ohio, having succeeded in putting all matters in the Circleville bank straight. He succeeded in getting Rennick out and making such other changes as will enable him in future to get such facilities from the bank as will pay off our Indiana debt. He thought best after making the change of President, &c., and it being so soon after my trouble, to leave it wholly with the directors to say how much money he should have. They gave him to start with \$15,000; and he raised out of other "trips" \$5,000, and sent you \$10,000 and brought \$10,000 home. We have \$10,500 due at Merchants bank, 1st November, which Danforth says, he can't possibly pay without sacrificing. We have all (or very nearly so) the bonds purchased of the State and railroad company on hand, or rather pledged. They are now rising in value and we hope by holding on, to be enabled to save ourselves. We wish now, to have you send us on something to take up this draft with, and we will deposite or pay the amount in Ohio funds, to whoever you will specify, and we make the difference satisfactory to you. Danforth pursued the course he thought most politic with the Circleville directors, one that he thinks will result to his advantage. You will see the objection to his asking much of them so soon, after so much trouble and distrust. He thinks in the course of 30 or 40 days he will be able to get a discount of 25 or \$30,000. Now, General, if you can arrange so as to let us pay this draft of \$10,500 in Ohio currency, it will be a

great accommodation to us ; and Danforth says he will make it up for you by 1st of January. In this we don't wish any additional credit, only to change the *kind* of money by paying the difference. We should have paid on railroad more than \$10,000, but we can't move our Ohio matters very fast. By going slow and sure we are protecting your interest as well as our own. Please let us hear from you as soon as convenient ; and help us if you can, for I know the \$10,500 will cramp us.

Very truly yours, &c.

C. L. COLE.

D

(From Walter Mead.)

North American Trust & Banking Company, No. 47, Wall Street.
NEW YORK, Oct. 10th, 1840.

MILTON STAPP, ESQ., Fund Commissioner—

Sir : You will find enclosed J. J. Palmer's, President, receipt for eighteen Indiana dollar bonds, being the balance of sixty borrowed in May last.

Respectfully yours, &c.,

WALTER MEAD, Cash.

E

(From M. B. Sherwood.)

NEW YORK, Oct. 11th, 1840.

MILTON STAPP, ESQ.,

Dear Sir : I received yours last evening. I arrived in the evening and you left in the morning. I regret very much that I did not see you. I should arrived in time, had the cars not been detained in consequence of the cars running off the track. This day is Sunday and I have not been able to find out whether Mr. Smith is here or not ; I think he is here. Your request shall be promptly complied with in relation to the Ohio money. I shall send Mr. Smith if he is here, and in case he is not here, I will send Whitney. Be sure to give the money a circulation. As to the thirteen thousand you speak of in your letter, you can use, General, and I will carry it until you choose to pay it. I expected to carry it. Our stock is working well ; there will be no doubt in relation to the amount required ; we have now five thousand shares. I have paid fifty-five thousand on the stock, and shall have a large amount more to pay Monday. This operation will be a good one. Now, General, I feel safe in the project. Now, if you will go in as President in January, General, it shall be so arranged that you can. Would it not be well for you to do so ; there would be a permanent salary and a nice thing. Give me your views on the subject clearly, General. I think you had better give me an order for some more stock. I don't want to show my word, and bor-

row on Dry Dock, and shall have to do so, if I don't have some more stock. I can do so but it would be better not to borrow a dollar on the Dry Dock until after the election of officers. I think the Dry Dock bank would wind up to day and pay more than any bank in the city. Now, General, in this operation, if you would like to go in as President, I will manage the sole matter, and I think if you are at the head in less than three months, the old Dry Dock would be one of the big guns of Wall street. I shall write you to-morrow or next day and send you the duplicate you desire.

Yours truly,
M. B. SHERWOOD.

F

(From M. B. Sherwood.)

NEW YORK, Oct. 13, 1840.

M. STAPP, ESQ.,

Dear Sir : Your favor come to hand this morning, giving me a thrashing. I wrote Mr. Scoville to send you the money. Mr. Smith come in this morning from the east, and I leave this evening for Gallipolis, by the way of Buffalo, and the money will be forthcoming let the times go as they may with me, General. I don't think you will ever regret my acquaintance. I think I shall come down to Madison myself with the money. You may make out your report and the money shall be there if I live and control it.

Yours truly,

M. B. SHERWOOD.

Dry Dock sold at 65 cash to day and it is constantly going up, and the brokers are the buyers. It will go to par.

Yours truly,

M. B. S.

G

(From M. B. Sherwood.)

NEW YORK, Oct. 13, 1840.

MILTON STAPP, ESQ.,

Dear Sir : I have this day wrote A. H. Scoville to send you the amount you desire, say \$88,000, which I want you to pay out, General, so it will get a circulation, and I don't want you to pay out any faster than is necessary ; for the faster you pay out, the faster we shall have to redeem. Old Dry Dock looks well and I think we can consider it safe ; that there is no danger about the control now, General ; this is a good and a permanent thing ; and I think M. Stapp,

President, would look well on the notes. And I would like to have you go in as President ; I am determined to keep the control ; it is a splendid thing. This can be done without trouble, and in case your business is such that you do not want to step in in January, it would be best to have a man elected that will resign when you could arrange to go in. This stock is a pretty thing ; there is considerable squirming and borrowing of Dry Dock stock ; it is hard work for the brokers to deliver stock, and we have it at low prices ; and I think there must be a large amount of money made ; I don't think it will average over 52 cents so far ; it is worth par and there is no reason why it should not bring par ; and it can be put up to par. Let me hear from you often. I will send you the receipt as soon as Danforth gets back ; I expect him on Saturday. Things look better ; stocks are constantly rising. Mr. Smith has not returned ; I expect him soon.

Yours truly,

M. B. SHERWOOD.

H

(From R. D. Dodge.)

NEW YORK, Oct. 18th, 1840.

My dear General: According to promise I write you. Every thing has gone according to my wishes, since you left. We are now preparing to realize on our stock operations. I have no doubt we could make a great deal more money by holding on longer, but I have been nervous ever since you left for fear after you had left here you might, on reflection, think you had reposed too much confidence in me, and that has had a great influence upon me to begin to bring the operation to a head ; in the course of this week I shall realize at least, on a part, so I can deposite the money you put in the concern if no more : if you were here I should not do so at present, for I think we could do better, but I feel so afraid you may have some anxiety about it I shall do so. We can make a very good thing of it by closing now, say some \$18,000 or \$6,000 each. Write me by return mail. I shall have the \$42,000 to pay for the stock by the first of next month. Give my best respects to Mrs. Stapp ; and believe me,

Your obedient servant,
REUBEN D. DODGE.

P. S. I carry the best cane in the city.

X

"Gen. Stapp will please furnish the committee such explanations of the facts contained or referred to in the letters, exhibited on the testimony of Wm. S. Hubbard this evening, as he may deem necessary for his own vindication, or to a full understanding of said matters, as also, an explanation of the matters referred to in said testimony, relative to the erroneous entry alledged to have been made at your instance, on the books of the office."

DANFORTH'S LETTER—A.

When I left New York early in October, 1840, Danforth agreed to come out to Ohio and to send me from the Circleville and Ohio banks \$30,000 in part payment of his debt to the State and to the Madison Company. By this letter it will be seen that he only sent me \$10,000. This letter is excusing himself, for not sending more.

DANFORTH'S LETTER—B.

This letter explains itself—it directs me as to the credit to be given with the money paid to me.

COLE'S LETTER—C.

In July or August, 1840, I extended payments due from the Binghampton Bank to the Madison Company, and took two notes or acceptances, with an understanding that when due they should be paid in eastern funds, instead of western funds—one due perhaps the 1st September or October, and the other the 1st November—this last note was discounted at the Merchants Bank, and the proceeds of both were used to pay off a loan made through Beers, President of the North American Trust & Banking Company, to assist in paying the interest for July, 1840. This letter is urging me to take up the draft at the Merchants Bank and to permit them to pay Ohio funds; this I did by sending a check to the Merchants Bank for the amount of the draft, with instructions to the Cashier to apply it to the payment of the draft on *their* depositing with him \$10,500 of Ohio paper—you will observe the promises made in this letter to induce me to make the exchange.

WALTER MEAD—D.

This letter is from the Cashier of the North American Trust & Banking Company. In May or June, 1840, I lent to J. D. Beers, President of this institution 60 bonds to be hypothecated to aid them with their payments in July, and they were kept to aid them in their payments in October. I had noticed this loan of bonds in my testimony before the committee of the House and there said and here repeat that

I have no doubt, but this loan of bonds procured us a payment of \$70,000, that we would not have got from that institution without this accommodation at the time. These bonds, or rather others in their place were all returned.

I have this day received a letter from Mr. Beers, confirming what I say about this accommodation; the letter is attached to my answers to the committee of the House on the same subject.

SHERWOOD'S LETTERS—E. F. & G.

I take these letters all together. And in starting I will say in the language of my testimony to the committee of the House, "I was not interested in the stock ("Dry Dock") nor was I to be. In July or August, I let Sherwood have 40 bonds to assist him as I understood, to sustain the Erie County Bank at a time when it had to pay at its counter and also at Albany, and afterwards let him have 30 more. When I called for these bonds, he told me that he had joined a company to purchase up the stock of the Dry Dock Bank, and that it would cramp him very much to have to return the bonds then, and said that so soon as he received the stock he had purchased, that he would hypothecate it and return the bonds. He then proposed that I should join him in the speculation and be the President of the institution, which I declined to do.

Again, in December he urged me to accept of the Presidency, without taking an interest in the Bank; I again refused, and advised him to take it himself and to narrow his business down to his duties as such. I stated in my testimony of the House, that Sherwood had offered to me the Presidency of this Bank and that I did not recollect any correspondence with Sherwood about it. I do not now recollect to have answered these letters, if I did I refused the offer. And I now state that I never had, owned, or contracted for, one dollar of the Dry Dock stock in my life. Of the 70 bonds heretofore noticed, Sherwood returned thirty, the others were kept, until I gave to him the bonds to take up the old loans and to make new ones for 12 months, when they were included with others in the receipt he gave me, a few days before I left for home at or near the middle of January, 1841. The \$13,000 spoken of by him, was borrowed for three individuals in Madison not connected in any way with the State, and was all settled and paid in a short time afterwards. The \$38,000 spoken of, was for bonds sold to him and which he had directed the Cashier of the Gallopis Bank to pay sometime before this time; on returning home and finding the money not paid, I wrote to him censuring him severely for his treatment.

R. D. DODGE—H.

To show that I wished no concealment in this operation with Dodge, I will be permitted to give to you my answer to the committee of the House, on an inquiry whether I was concerned with

Dodge in dealing in Indiana stocks, as also an addition thereto which is now and was then on my copy of the answer, but which was stricken from the answer by the advice of friends, as it was not called for by the question. My answer before that committee was this, "I never was interested with Dodge or with Dodge and another in any speculations in Indiana stock." (To which I added :) here I might with propriety let the question rest, but as I wish no special pleading in answers which I make, I will inform the committee, that in the fall of 1840, Mr. Dodge informed me that he was engaged with a company of gentlemen in Philadelphia, in purchasing *Stonington railroad stock*, that in that arrangement he had a right to three parts, that a Mr. Smith, (I think his name was,) had taken one part and he wished me take the other, or at least to permit my name to be used to cover the other part. I replied that I could not permit my name to be used, either directly or indirectly, in any transaction that would make me liable for any thing whatever, but if he could use my name without making me liable in any way he might do so, and to pay over to me the additional amount that he might make on his debt to me, but would not allow myself to be a partner for fear of being made liable on some contingency that I could not see. Dodge made some money in this transaction, but I did not get a cent of it in any way. I do not know what he means when speaking of depositing the funds "*I invested*," as I never invested any. I presume he had an allusion to \$2,000 of Globe money that he paid me and which I had returned to him, as not being very current, and which he did not pay to me until after my return from the West.

The following note has been received from Mr. Eggleston, since the foregoing report was in type.

NOTE. — I have made some further examination of Dr. Coe's account with the Morris Canal & Banking Company, and am inclined to believe that the committee committed an error, in adding in the note of Dr. Coe for \$39,000, as it seems probable that the other items went to pay that note. There are some other objections pointed out by Dr. Coe, i. e., he says that \$83,680 including said note, said to be received by him from said Co., took place from 8 to 20 months after he ceased to be commissioner. This does not, however, affect materially the conclusions of the committee. The facts show a very intimate connection with the Morris Canal & Banking Company, and the circumstance of the settlement of his account and the final allowance being after the expiration of his term of office I do not think material. If such was the fact however, it is proper that Dr. Coe should be allowed the benefit of the statement. Dr. Coe says his stock was not received at par. The account shows that it was. The general conclusions of the committee I do not think at all affected, unless the di-

minishing the amount of the profits and benefits received by Dr. Coe, \$39.000 or a little more, would be considered a mitigation of the censure cast on him. It is, I conceive, only a difference in sums. Dr. Coe has written me a long explanatory statement, which from my present view of the facts, after consideration, I do not perceive alters the case materially. His refusal on examination, to disclose the amount of his stock in the company, is the reason why the committee did not call on him for an explanation of the testimony received from New York. I have had no opportunity to consult any member of the committee on Dr. Coe's explanations and can say for myself, that I should be happy to find that we have erred and that Dr. Coe is not censurable to the extent we suppose.

J. C. EGGLESTON.

JOURNAL

OF THE

Proceedings of the Senate Committee of Investigation.

Committee met on Saturday, 11th December, at 7 o'clock P. M., in the Senate chamber.

Present, J. C. Eggleston, E. M. Chamberlain, Nathaniel West.

The following resolutions were offered by J. C. Eggleston and adopted :

Resolved, That this committee, in the investigation which they are directed to make, will take up the subject embraced in the resolution in the following order, to wit :

1st, The doings of the fund commissioners.

2d, The bank agents.

3d, The board of internal improvements.

4th. In the examination of the fund commissioners, the committee determine to take them separately, in the order of the time in which they served, as nearly as may be, and to hear such collateral testimony as may be offered appertaining to the same period of time; and the same method will be pursued with regard to the internal improvement commissioners. In the progress of the examination of each of the above named officers, the committee determine that they will examine him relative to the conduct of any other commissioner, officer, or agent, which they may deem advisable.

5th. *Resolved*, That the chairman of the committee, address a note to the treasurer of State, requesting him to furnish this committee with registers kept in the treasurer's office, memorandums, and all other books, showing the state bonds sold by the fund commissioners, Nos., dates, &c., and request permission on the part of the Senate, to employ a clerk for the service of the committee, and further, to procure the attendance of Nicholas McCarty before the committee in the

Senate chamber, at 6 o'clock, on Monday evening next, until which time this committee adjourns. The officers to be kept separate.

The committee then adjourned to 5 o'clock, P. M., Monday, 13th December.

Pursuant to adjournment the committee met on Monday, December 13th, at 5 o'clock, in the Senate chamber. All being present, the committee proceeded to ballot for clerk. On third ballot, H. Faunt LeRoy, being declared elected, the committee adjourned to meet again at 7 o'clock of the same evening.

J. C. EGGLESTON, *Chairman.*

Committee met agreeably to adjournment, at 7 o'clock, in the Senate chamber, and all being present proceeded to business. The following resolution was offered by Mr. Parker, and unanimously adopted :

Resolved, That whenever any one of the board of fund commissioners, or internal improvements, or any other person, comes before the committee for examination, any member of the committee, who may be desirous of putting questions which, and the answers to which he wishes to go on record, shall reduce the same to writing, and the questions shall be presented to the witness, who shall have reasonable time until a subsequent meeting of the committee, if the witness state on oath that he needs that time, to prepare his answers, which shall be in writing ; at which time any member may ask any explanatory question or questions, which shall be answered forthwith, unless the witness state under oath that he needs time to prepare his answers.

Dr. Coe was then sworn and the following interrogatories propounded :

Interrogatory No. 1, by Mr. West.

Whilst secretary of the board of fund commissioners, were *all* the proceeds of *all* the loans left on deposit in the east, and were bills drawn from Indiana against the same, and the *whole* premium of exchange credited the State ? If not, then state by what mode said funds were transferred to Indiana. State all you know and all you have heard, and from what sources, relating thereto.

Answer.

As far as I recollect, not having the books before me, all the loans, if any made while I was secretary, were deposited in the Merchants bank, New York, and were drawn out by drafts in favor of the branches of the State bank of Indiana, without any premium that I now recollect, except so much as was drawn by each commissioner for per diem compensation and expenses.

Interrogatories Nos. 2 and 3, by Mr. Chamberlain, and Nos. 4, 5, 6 and 7, by Mr. Parker,

Were then proposed to witness ; but deponent stated he could not answer without reference to his books, and committee gave him time until next meeting to prepare his answers. The committee then adjourned to hold their next meeting on Wednesday evening, 15th December, at 6 o'clock, in the State House.

J. C. EGGLESTON, *Chairman.*

Pursuant to adjournment, committee met in State House, on Wednesday evening, 15th December, at 6 o'clock. All were present, and Judge Sullivan being in attendance, was sworn and the following questions proposed :

Interrogatory No. 1, by Mr. Eggleston.

At what time were you appointed fund commissioner ; how long did you remain, and what other persons were co-commissioners with you during the time of your continuance as such, and if others, state the order of time of their appointment.

Answer.

I was appointed fund commissioner in company with Nicholas McCarty, and William C. Linton, if my memory is correct, in the early part of the year 1832, and continued in office until the month of May, 1837. On the resignation of Mr. McCarty, the date of which I do not remember, Dr. Coe was appointed as a member of the board, and on the death of Mr. Linton, Samuel Hanna was appointed. Mr. Hanna and Dr. Coe were members of the board when I resigned.

Interrogatory No. 2, by Mr. Eggleston.

Do you know, or have you reason to believe, that any agent of the State profited by the use of Indiana bonds, or by making exchanges, or in any manner ? If you have any reason to believe such to be the fact, state the reason.

Answer.

I do not know, nor have I reason to believe, that any agent of the State profited in any wise by the use of Indiana bonds or by making exchanges, except that after the death of Mr. Linton, it was discovered that he had drawn a draft a short time before his death on the Merchants Bank, New York, as a fund commissioner, in favor of a mercantile house in New York, for a sum exceeding \$3000, which was, as we supposed, applied to his own use for a short time. It is due to the

memory of Mr. Linton to say that I believe he intended, when he drew the draft, to meet it at maturity out of his own funds. The draft was drawn at 60 or 90 days, and he left this place, as I have understood since his death, in time to reach New York before the draft matured, but was taken ill at Philadelphia, and died there, before reaching New York. The amount of that draft with interest and premium was paid by the executors or administrators of Mr. Linton.

The committee then resumed the examination of Dr. Coe, who proceeded to answer the interrogatories that were presented at the last meeting, as follows :

Interrogatory No. 2, by Mr. Chamberlain.

What was the premium in eastern funds at the time referred to in the first question ? To whose benefit did that premium accrue, on the Indiana bonds ? to the State ? the bank ? or to individuals ? and if to individuals, to whom ? and the amount thereof ?

Answer.

During the time I was secretary and before I became commissioner, being the operations of one season only, the payments were made by giving the canal commissioners' drafts on the branch banks. The State having at the commencement of the year no funds at the east, the banks agreed to make advances and receive payment when the State was in funds, in eastern drafts at par. The premium was however at that time, I presume, not more than $\frac{1}{2}$ per cent. on eastern funds, as, while the State had funds at the east, all the drafts of the fund commissioners were sold at that rate, except small drafts for per diem expenses, and a draft of nearly \$9,000 sent to Messrs. Allister & Co., Cincinnati, to sell the preceding year, for which no premium could be obtained, and was therefore sold for par, and three drafts amounting to \$4,500 sent to Col. Spencer to sell, which were, it is believed, also sold for par. All the premiums obtained for eastern drafts were placed to the credit of the canal fund, and I have no knowledge of any individual, either while I was secretary or before, having obtained eastern drafts of the fund commissioners at less than the market price.

Interrogatory No. 3, by Mr. Chamberlain.

State all that you know, if any thing in reference to Wm. C. Linton, or Nicholas McCarty, or any other person, having had the use of any portion of the funds of the State, for their own private benefit or other purposes, or derived benefit from exchanges in reference to the funds of the State.

Answer.

When I became secretary of the board, on settlement of the account of William C. Linton, there was found in his hands a balance of about \$11,000, for \$10,500 of which, on its being ascertained, he gave a draft in favor of the canal commissioners on a house in Lafayette, and retained the balance for per diem and expenses in his journey, then about to commence east.

This balance in his hands arose, I believe, chiefly for drafts on the east, sold or used at a premium, to procure funds for the canal, and perhaps, in part for moneys collected at Terre Haute from previous loans to individuals, as then authorized by law.

After his death, a draft for about \$3,300 was paid at the Merchants Bank, New York, out of the funds of the State, on Mr. Linton's draft, drawn on time, but whether intended to be taken up by Mr. Linton himself, or used to bring funds west, is not known. The draft with interest and exchange was paid up by his administrators as well as the small balance of his account.

Nicholas McCarty, who provided a large portion of the funds for the works, and particularly, after Mr. Linton's death, was very scrupulous to keep no money of the State in his hands. Very small balances were sometimes against him, and sometimes in his favor, in settlement of accounts. In the first settlement after I became clerk, there was a balance of \$20, I think, against, and in the last about \$100 in his favor. Similar balances each way, were, I believe, found in favor or against the other fund commissioners in settlement of accounts, but never to such an amount as to show a disposition to use the funds of the State for private purposes, they being, when against them, small balances on sums drawn in advance for per diem expenses. Col. John Spencer, who had formerly been a disbursing agent for the board, was, on settlement of his account, found to be indebted to the State, for moneys which he must have had in his hands at least nine months; the sum of \$6,837 21 including interest from the preceding August, when he ceased to disburse, to the time of settlement in February, 1835, being unable to pay, the board took his note on interest with sufficient security, of which \$2,000 was paid the succeeding summer, and the balance previous to the succeeding January. I do not now recollect any other persons, having the use of public money, which has been applied to individual use, except some canal commissioners and members of the board of internal improvement, which have already been specified in the reply to an interrogatory of a subsequent member. I know of no person having any benefit from exchange, other than from purchasing it at the current rates, or making advances and performing other services considered as an equivalent, as in the use of the disbursing banks, and I have reason to know that, while I was commissioner, care was taken to secure for the State all the advantage arising from exchange to which the State was entitled, and to believe that to have been the case previously.

Interrogatory No. 4, by Mr. Parker.

In any of your eastern transactions, had any person in Indianapolis or elsewhere, any connection with you officially for the purpose of promoting their private interest, to the prejudice of the interest of the State? If so, who was that person or those persons? and generally, state all you know about this matter.

Answer.

No such case occurred to my knowledge.

Interrogatory No. 5, by Mr. Parker.

Did General Long or any other person acting for the State, ever make any requisitions on you for funds that you had the means of according to him and did not? If so, why did you not? What was the consequence to yourself or the public interests? And generally, state all you know of this matter.

Answer.

On my appointment as fund commissioner, I was desirous to adopt some plan of making payment on the public works, which should prevent the loss of interest arising from keeping large sums in the hands of individuals to make the payments on the public works, and the consequent danger of their applications to private use as had already occurred; and with this view submitted to Judge Hanna, at our first meeting, after obtaining a loan, the plan appended hereto, which meeting his approbation was adopted and placed on our records.

To the operation of this rule much objection was made, by some members of the internal improvement board, it being alledged that the operations on the public works would thereby be embarrassed. Therefore, on mutual conference the system was modified partially, as will be seen by the accompanying extracts from the records.

After the adoption of this rule and before it was known to General Long, he drew on me for \$10,000 in favor of the Lawrenceburgh Branch Bank, which I felt it my duty to refuse paying, deeming it unreasonable, and not needed for the public works; at the same time informing him I would honor his draft for all actual expenditures. But he never drew again, this being in August or September, but the 9th of December obtained a draft from one of my colleagues for the \$10,000, who then stated that the members of the board of internal improvements told him he needed it: and the result was that on settlement of his account the 31st of December, his whole disbursements were less than \$5,000 and as he had previously received \$2,000 from Evansville, the balance left in his hands exceeded \$7,000 of public money.

As to the effects of limiting drafts for public money to public use only, I am satisfied it was the means of making manifest the deficiencies already existing in one account, and of checking such drafts for private use in some others, and thereby probably large losses have been prevented to the State. As to the effects to myself, I am well satisfied it was a prominent cause of a violent opposition to the confirmation of my nomination by Gov. Noble to the Senate, and has been no small cause of much of the abuse with which I have been favored in relation to the discharge of my duties as fund commissioner.

Under the rule allowing members of the board of internal improvements to draw and hold in their hands a limited sum fixed by their own board for contingent expenses, the secretary was directed that whenever drafts exceeding that amount were sent up from the branch banks to return them without credit. Under this rule the secretary, Mr. Hubbard, informs me the drafts of several members of the board of internal improvement have been refused payment. If required he can give the names, but this is not within my personal knowledge.

AUG. 27th 1836.

The board met, present as before, viz: Samuel Hanna and Isaac Coe, and proceeded to take into consideration the best means of supplying funds to the board of internal improvement for their works.

Whereupon, *Resolved*, That whereas the number of the public works authorized by the Legislature, for each of which, separate appropriations are made requiring separate accounts of the expenditures of each, will require great accuracy in keeping the several accounts, and as it is made the duty of the canal fund commissioners to prescribe such rules and regulations for drawing money by the board of internal improvement as shall be necessary for its security and proper application, and also to audit the accounts of its expenditures and report annually to the Legislature, and semi-annually to the auditor.

Therefore, *Resolved*, 1st, That to enable the fund commissioners to make their reports and ascertain the proper application of the funds, (if suitable arrangements can be made with the branches of the State Bank of Indiana) that all moneys expended for the several works be paid by the bank nearest to each, on the draft of the member of the board having charge of the work on the fund commissioners, and that every draft in favor of contractors be accompanied by the estimate of the Engineer, and for expenditures, by an account thereof properly receipted, and that all accounts drawn for any kind of salary per diem of labor, specify the time and exact date for which it was drawn, and that the receipt of drawer be, (when the draft is paid,) attached to each draft.

II. That at the close of the month the fund commissioners will, on receiving said drafts and vouchers with a statement of the account from said bank, give to it a draft for the amount so disbursed on New York, payable in sixty days from the close of the month.

III. That at the close of each month the member of the board of internal improvement having charge of any work, be requested to transmit to the office of the fund commissioners, at Indianapolis, a statement of the amount of drafts drawn during the month, together with a statement of all persons who are for that month entitled to pay per diem and otherwise, with the time and rate for which they are so entitled, that it may be a document with which to compare the drafts received from the bank, previous to charging them to the work, and that, if practicable, all drafts be so drawn as to be presented and paid during that month in which they are drawn.

IV. That the board of internal improvement be requested annually before the last Monday in November to furnish their accounts up to the 1st of November for settlement. And that all banks of deposite be requested to do the same, so that a report may be prepared for the Legislature at the time required by law.

V. That the accounts of the Wabash and Erie canal be continued to be drawn and paid as heretofore, during the present fiscal year.

(Signed)

SAMUEL HANNA, Pr. pro. tem.

ISAAC COE, Sec'y.

This day the board received from the Senate the following resolution :

On motion of Mr. Vawter,

Resolved, That the fund commissioners be requested to furnish the Senate with any order or orders they as fund commissioners may have adopted, regulating the mode, manner or form, prescribed by them to regulate the payment of drafts on them drawn by the board of internal improvement. Adopted by the Senate.

21st DECEMBER, 1836.

~ In reply to which the board inclosed a copy of the resolutions on the subject of drafts by the board of internal improvement, of August 27.

DECEMBER 23d.

There have been several conferences between this board and board of internal improvement to determine whether such regulations on the subject of drawing on us could be mutually agreed on, consistently with the obligations imposed on us by law, as should be satisfactory, and in consequence of suggestions from a member of a committee of the board of internal improvement, we consented so to modify the rules respecting drawing, that a contingent fund should be furnished the several lines to such an amount as the board of internal improvement should determine necessary, its expenditure being accounted for quarterly, and that any member preferring so to do might take up his drafts in favor of contractors at the end of every month, and give a single one for the amount, accompanying it with an account-current of the several drafts originally given and sending the vouchers therefor

to us at least once in three months, and that where banks were too distant from the works for the convenience of contractors an agent will be sent to make payment once a month.

DECEMBER 30th.

At a meeting of our board, a committee from the board of internal improvement called upon us, when it was mutually agreed that the following modification of the rules of 27th August, instead of the proposition of the 23d instant be adopted, viz :

Resolved, That the rules and restrictions adopted by the board 27th August relative to the drafts of the board of internal improvement be modified as follows, viz :

1st. That the draft of the President of the board of internal improvement for such amount as that board shall determine to be necessary for general contingent expenses, and of each acting commissioner for such amount as the board shall determine to be necessary on his line, will be paid at the most convenient banks with which suitable arrangements can be made, and that an account-current of his expenditures accompanied by proper vouchers be furnished to this board at their office every three months.

2d. That all drafts on account of the construction of any of the works to be drawn only in favor of the contractors accompanied by the estimates of the Engineer.

3d. That all drafts be drawn on the fund commissioners payable at the bank designated.

4th. That when any work shall be so distant from any bank that contractors cannot receive pay at its counter, an agent will be sent from the bank to make the payments, once a month, at such time and place as the acting commissioner shall direct, provided he be not required to remain longer than one day.

Interrogatory No. 6, by Mr. Parker.

Do you know of any instance or instances of the State being cheated or defrauded out of any moneys or interests by any person or persons, directly or indirectly, connected with the negotiation of any loan or loans for the State, or in transferring or disbursing funds procured for State purposes of any kind ? If so, state the names and all the particulars in detail, that you know about the matter.

Answer.

I know of no case of this kind.

No. 7, at the request of witness was laid over, to be answered at next meeting.

Interrogatory No. 8, by Mr. Eggleston.

You state in answer to No. 5, that the new method adopted by

the fund commissioners, at your suggestion, of making disbursements to the board of internal improvement had, you believe, the effect of checking drafts for private use by other members of the board of internal improvement. State whether you can refer to any evidence by which the committee can detect at this day such use of the public funds by any member of the board of internal improvement.

Answer.

Drafts I understand from the secretary, Mr. Hubbard, were sent up from Branch Banks for a larger amount for contingent expenses than was allowed by the board of internal improvement, and in one or more instances by persons who were found, on settlement of their accounts, to have public moneys unexpended. Of these cases the secretary can give the most definite information. One case only I will name, that of J. B. Johnson.

Interrogatories numbering from 9 to 32 inclusive, were then submitted by committee, and time given to witness, at his request, until next meeting to frame his replies.

Committee then adjourned, to meet again in the capitol, at 6 o'clock on Saturday evening, 18th December.

J. C. EGGLESTON, *Chairman.*

Committee met in pursuance of last adjournment, in the capitol, on Saturday evening, 18th December, at 6 o'clock. All present. Dr. Coe being on examination, the following questions were submitted and answered by witness :

No. 7, at the request of witness was again postponed for an answer, to next meeting.

Interrogatory No. 9, by Mr. Parker.

Has the amount, you say was left in Gen. Long's hands, after crediting his account, ever been paid off? If so, when, and how? Under what circumstances, and how long after the settlement with him and the allowance of his account?

Answer.

I am unable to give a correct reply without reference to the books in the hands of Mr. Hubbard, secretary, and who is better acquainted with the facts; but understand, there was a considerable balance due from him, when he went out of office, which was paid about the time he took his seat as a member of the Legislature. But am unable to say whether the balance in his hands in the fall of 1837 still continued, or was paid before, without reference to the books in the hands of Mr. Hubbard, secretary, and who understands the accounts, and can, I presume, give any information desired on the subject.

Interrogatory No. 10, by Mr. West.

Were you whilst fund commissioner, or at any time, a director of Staten Island Whaling Company or Bank? If so, what compensation did you receive therefor? Whilst director or at any time, were any bonds sold or hypothecated by you, to said company or bank? If so, what amount?

Answer.

When, on sale of \$60,000 of state stock to the Whaling Company, \$60,000 in stock of the Staten Island bank was transferred to the State as a collateral security for the payment of the bonds of the Whaling Company, it was suggested that I should become a director, to which I consented, that I might the better take care of the interest of the State, and on that account \$15,000 of the stock was placed in my name, and I acted as a director. And when I went out of office transferred the stock to my successor or the State, I do not recollect which.

I never received any compensation for acting as director, and no bonds were ever by me sold or hypothecated to the bank. The sales to the Whaling Company by me and my colleagues will be found in the statement of these sales.

The Staten Island bank was an entirely separate institution from the Whaling Company; and at the time its stock was taken as collateral security, had a capital in good mortgages, Indiana State stock and cash of about \$140,000, and was clear of debt, except perhaps, some small amount for printing its bills; and the stock was considered worth par. Its directors were men of fair characters, some of them of much wealth and high respectability, and was got up for no swindling or dishonest purpose, chiefly, however, to aid the Whaling Company by its occasional loans and the discount of its business notes for sales of oils and candles. In this bank the Whaling Company was a stockholder to the amount, I think, of about \$66,000 which was paid up in state bonds and mortgages, the remainder of the stock being paid up by individuals. Among the causes of the embarrassed state of the bank is the loss in Indiana state stocks, of which somewhere about \$80,000 was furnished by stockholders in payment of their stock, and \$40,000 afterwards purchased, as I have understood, of Gen. Stapp, on the whole of which there must be at present prices a loss of about \$80,000.

Interrogatory No. 11, by Mr. West.

State in what manner the stock in said Whaling Company or bank was paid. Was it not in Indiana bonds sold said company and the stock taken in your name? If so, to what amount? And was not the fact of your owning stock in said Staten Island Whaling Company or

Bank, and the manner in which the same was paid, known or not to Noah Noble before his report was made to the present Legislature ?

Answer.

The stock which the State holds in the Staten Island bank is, I presume, intended in this question, and is replied to in the answer to the 10th question, and more particularly in the statement of the Staten Island Whaling Company loan and sale prepared before these questions were put.

When Gov. Noble prepared his report to the Legislature he had been informed that I was a stockholder in the Staten Island Whaling Company at the time sales of state stock to the company were made and so reported it. While the report was printing the secretary to the fund commissioner suggested to him that he was probably mistaken as to the fact, and the Gov. desired him to enquire of me, and on being informed of it, I satisfied the Governor that it was not so, when he took it out of his report.

Interrogatory No. 12, by Mr. West.

Was not the stock owned by you in the Staten Island Whaling Company or bank, if any, standing in your own name, after it was found the speculation was bad, transferred to the State, as security for the bonds sold said company by you as fund commissioner ? If so, when and to what amount.

Answer.

See my reply to the 10th question which answers this in the negative.

Interrogatory No. 13, by Mr. West.

Have you any interest, procured with funds of the State, in the Morris Canal & Banking Company, or any other bank or company ? If so, what interest and to what amount ? When was that interest acquired ? And was there any agreement made and entered into between you and said company or bank, for the sale, transfer, or hypothecation of the state bonds to said Morris Canal & Banking Company, or other banks or companies, after said interest was acquired ? If so, what an amount and when ?

Answer.

I never had any such interest as above enquired of.

Interrogatory No. 14, by Mr. West.

What was the capital of the Staten Island Whaling Company? What its banking capital? What amount of state bonds sold it? Who sold said bonds to said company? What was received for said bonds? Were they sold for cash or on credit? When were they sold, and when did said bank commence operations? Who were stockholders? Were you interested directly or indirectly, in any way? Were you a director, or directly or indirectly concerned? Were other citizens of Indiana stockholders? If so, state who they were. Did you pass here in Indiana, or elsewhere, the bills of said company? Was your name on any bills or drafts of the company? How much does this company now owe the State?

Answer.

The capital stock of the Whaling Company was by charter \$200,000. Actually paid in upwards of \$70,000.

The Staten Island bank was entirely a separate concern from the Whaling Company. Capital stock paid in, in cash, state stocks and mortgages principally on improved, unincumbered farms, about as near as I can recollect, \$140,000, and at its commencement clear of debt.

No bonds were sold to the bank while I was commissioner.

To the Staten Island Whaling Company \$40,000 state bonds were sold by the whole board, and \$60,000 afterwards by myself, acting for the board. For the first \$40,000 the bonds of the company, endorsed by seven directors, were received, and were paid in full, and the money received by the State would now purchase back more than all the bonds ever sold the company. For the \$60,000 the bonds of the same company, endorsed by the same directors, were received, with the additional collateral security of \$60,000 stock in the Staten Island Bank, then considered worth par. The \$40,000 were sold in July, I think, and the \$60,000 in November. The Bank went into operation, I think, in October perhaps not until November.

I cannot give all the names of the stockholders of the Bank, there were many, and among them a number of persons of wealth and high respectability. Among which may be named Wm. Colgate of the firm of Wm. Colgate & Co., of the highest responsibility, and supposed to be worth several hundred thousand dollars. Judge Littell, F. S. Kinney, a wealthy lawyer, Woram & Haughwout, then extensive glass and china dealers in Broadway, New York, John Jotten, a wealthy farmer on Staten Island, one or two brothers of Wm. Colgate, also men of wealth and respectability, and the Staten Island Whaling Company owned about \$66,000 of stock all paid for in state stock, bonds, and mortgages. In the Whaling Company, I was furnished with a list of sixty-nine stockholders which I append. At the time of the sales of the state stock to the Whaling Company, I was not a stockholder in either the Bank or the Whaling Company, and no wise interested,

except a contract with the Whaling Company, which I had taken for the benefit of the State, and intended to offer to the State. No other citizens of Indiana were either stockholders, or at any time directly or indirectly, to my knowledge, interested either in the Staten Island Bank or Whaling Company.

I was not a director of either institution when any stock was sold to either.

I did bring out some of the bills of the Staten Island Bank to this place, and passed them when they were as good as any eastern bills whatever, which I obtained not by loan, for I never borrowed a dollar of the bank, but by exchanging eastern funds therefor, my own private property, and in these bills or some of them, my name was inserted I think, without my previous knowledge.

I presume the amount of indebtedness is correctly stated in Gov. Noble's report. I have no individual knowledge of the present state of the account.

Stockholders of the Staten Island Whaling Company.

Richard D. Littell,
William Woram,
E. V. Haugwout,
J. H. Smith,
Jacob Bodine,
John Totten, Sr.
F. S. Kinney,
Ephraim Clark,
Wm. A. Swain,

Directors.

P. B. Field,
Paul J. Mersereau,
Jno. Mersereau, Jr.
Henry Dean,
Dunn Littell,
Jacob Bodine, Jr.
Peter Bodine,
Peter Post,
Jno. C. Carter,

William Colgate & Co.
John T. Harrison,
P. N. Haugwout,
Nathan Barrett,
P. N. H. Barrett,
Wm. McCall,
John Haugwout,
H. B. Decker,
Joshua Mersereau,
Henry F. Hebaton,
Daniel Van Ness,
John Jones,
H. Nevins,
Ogden Edwards,
John West,
Wm. Colgate, Jr.,
Augustus Smith,
Wm. Edwards,
Jno. Barker,
Jno. Simonson,
Peter Simonson,

B. B. Phelps,
Alex. Stobe,
James Clark,
Caleb Smith,
James Gerrion,
C. J. Fountain,
W. H. Seely,
J. Crawford,
Michl. Van Narme,
John Bodine,
Danl. Decker,
Daniel Post,
James McAllister,
James P. Burger,
James S. Burger,
Wm. C. Martin,
Cornelius Vanderbilt,
Amos Barrett,
Thomas Coffin,
Abrm. Decker,
Edwd. P. Barnes.

Jacob Post,
Geo. W. Frost,
John Wood,
Jno. Barnes,
J. B. Johnson,

B. F. Nevins,
J. P. Henseman,
Peter Gerion,
P. Furse.

Interrogatory No. 15, by Mr. West.

What are the facts in regard to the exchange of \$300,000 informal bonds? Who required the exchange? What was the precise informality? Were the informal bonds ever returned to the State authorities? Or are they now a part of the indebtedness of the State? In whose custody were these bonds left to exchange, and what interest was to be paid thereon? Of what denomination were they? What number and date, and character? Were they sterling or dollar bonds? Have any of the coupons upon them been paid?

Answer.

The \$300,000 informal bonds were a part of \$1,000,000 furnished the Morris Canal & Banking Company to send out to Europe for sale and we were authorized to draw on them for a certain amount which we were permitted to hold, I think, one year at 5 per cent interest. By the Morris Canal & Banking they were sent to the Rothschilds for sale, who objected to their form and desired their exchange. The objections I do not now distinctly recollect, one was that they were post dated, being signed in June and dated 1st July. Another, I think, was that the 1st July came on the Sabbath, and the third was, I think, that the place of the payment of the principal was not distinctly enough expressed, although made in the same form that all our previous bonds had been made, to which, before these, had no objection been raised.

Before the sale of these bonds to the Morris Canal & Banking Company, the State had drawn on them to some amount, say \$400,000, and the Morris Canal & Banking Company had drawn on the Rothschilds, and it was a condition of the sale, that new bonds acceptable to Rothschilds should be furnished the Morris Canal & Banking Company to exchange for these informal ones, and they were so furnished \$700,000 of them, and being remitted to the Rothschilds, \$700,000 of the informal bonds were by them cancelled, and returned. This did not however, take place until I was out of office, but I assisted to burn them. The other \$300,000 had been sent, as I understand, to Mr. Jaudon, agent for the United States Bank in London, and were not returned when I left New York, and since I left, I understand all but six of them have been returned; but that other bonds were furnished therefor, for which security has been taken of the Morris Canal & Banking Company.

The 300 bonds not returned when I left New York were ster-

ling bonds dated 1st July, 1838, and numbered from 701 to 1000 inclusive, bearing 5 per cent. interest and the bonds for \$1000 each. Whether any coupons have been paid thereon I do not know. None to my knowledge were paid by the State, while I remained east. I think they were paid by the Morris Canal & Banking Company on their own account.

Interrogatory No. 16, by Mr. West.

What is the situation of the Cohen debt, and the property received for it? How much money had Indiana to pay to lift mortgages upon the Cohen property? Has not a part been sold for less than one-sixth of its invoiced value? Did you not represent to the Legislature that the property received from the Cohens was ample to pay all, and that the State would not suffer loss? Do you know of any transactions between the Staten Island Banking Company and the Terre Haute Branch Bank? Was not the Terre Haute Branch relieved by a new credit given the Whaling Company or bank, and new loss in consequence to the State.

Answer.

A particular statement of the Cohen property, its encumbrances &c. will be found in my reply to the 7th question. I do not know that any of the property has been sold for less than one-sixth of its estimated value. That the property will eventually be ample to pay all the remaining debt, and the encumbrances on the property, and all expenditures about it, and the interest, on the whole, and much more, I ever have and still do believe, and I presume so reported to the Legislature. And I did once offer to the Legislature to take the whole agency of the property, and give ample security for its faithful performance, with no other compensation than to receive one half the clear profit thereon, after paying all the debt and expenses incurred on the property, and the interest thereon, and was, I understood, very much abused in the Legislature and elsewhere for asking such an exorbitant compensation.

I know of no transactions whatever, between the Terre Haute Branch Bank and Staten Island Whaling Company or Bank, nor any thing which could give any ground for the questions thereto.

Interrogatory No. 17, by Mr. West.

Has not the habit of the board of internal improvement, been to keep large cash balances on hand, and with the avails buy merchandise with which to pay labor on the public works? Thereby greatly raising the price of labor, to the great loss of Indiana.

Answer.

As a board, I have no knowledge of the board of internal improvement ever having invested any funds of the State in merchandise. But, from information, I fear this was to some extent the case with several individual members of the board, although the amount each should draw was fixed by the board of internal improvement, and by me never allowed to be exceeded. And for fear of such results, I very unwillingly acquiesced with the wishes and opinion of my colleagues and the board of internal improvement allowing any thing to be in the hands of the members of the board of internal improvement for contingent expenses, and for my obstinacy was, I understood, much censured by public opinion.

Interrogatory No. 18, by Mr. West.

State the probable amount of cash accumulation of the State in the hands of the several persons composing the board of internal improvement or canal commissioners, at any one time, and whether or not these sums would give a capital for said board of internal improvement to trade upon.

Answer.

I am unable to state, without reference to books not in my hands, the amount of public funds which was at any one time in the hands of the several members of the board of internal improvement or canal commissioners, or of any individual of them, except in a few cases which follow : Jno. Scott, former canal commissioner, when I became secretary, had, I think, in his hands \$458 ; Elisha Long on the 1st January, 1838, \$7,355 ; David Burr at the same time, something over \$20,000 ; and J. B. Johnson had, I think, the next year on settlement 5 or 6,000 in his hands. Of other members of the board I can make no definite statement. The whole facts inquired for may however, be learned from the books and accounts of the fund commissioners, in the hands of Mr. Hubbard, secretary, and the books of the board of internal improvement of which Judge Morrison was secretary.

The sums in the hands of Messrs. Burr, Long and Johnson, would, I should suppose, afford a very respectable capital to invest in merchandize, but whether so applied, I know not ; but believe from information, that the two former and a number of other commissioners kept or were interested in stores.

Interrogatory No. 19, by Mr. West.

Have you any knowledge of an oil factory, or candle factory now or ever having belonged to the State.

Answer.

The State owns an extensive manufactory of sperm oil and candles, with property around it, at Brooklyn, N. Y., for which the previous owners once refused \$100,000.

Interrogatory No. 20, by Mr. West.

At the time Mr. Merrill, the president of the State Bank, made the negotiation with the Morris Canal & Banking Company were you not present in New York with him, and advised him to make the negotiation.

Answer.

At the time Mr. Merrill sold the bonds referred to the Morris Canal & Banking Company, I was in New York, though not a commissioner, and in the first part of his negotiation was with him, but not in the latter part, and, believing the Morris Canal & Banking Company solvent, gave my opinion freely in favor of making the loan, being satisfied it could not be made otherwise, on the terms prescribed by law, and believing also, that it would be an advantage to the State to have that additional amount of capital invested in banking capital.

Interrogatory No. 21, by Mr. West.

State the amount of suspended debt which grew out of your negotiations as fund commissioner. Also the amount of suspended debt which grew out of your negotiations in connection with Caleb B. Smith, and others : the specific negotiation of cash.

Answer.

In the statement of the several loans which I have made, and am preparing, the specific negotiations of each will be given.

		<i>Paid</i>	<i>Still due</i>
Cohen loan, made by Sullivan, Hanna and myself - -	\$500,000	\$293,000	\$207,000
Morris Canal & Banking Com- pany by Smith and myself -	2,034,000	2,034,000	
Whaling Company by Smith, Farrington and myself -	52,000		52,000
Do. Do. - -	40,000	40,000	
Western Bank, N. Y. do. -	300,000	60,000	240,000
Total	\$2,926,000	2,427,000	499,000

		<i>Paid</i>	<i>Still due</i>
By myself to Secretary of War -	2,934 50	2,934 50	
Christmas Livingston & Co. -	30,000	30,000	
Morris Canal & Banking Co. -	1,049,290	1,049,290	
do. -	1,180,000	1,180,000	
do. -	360,000	360,000	
do. -	800,000	628,652	171,348
Staten Island Whaling Co. -	60,000		60,000
Pontiac railroad & Bank -	100,000	10,000	90,000
Erie County Bank -	100,000	100,000	
Loaned by myself	\$3,682,224 50	3,360,876 50	321,348
By me and others	2,926,000	2,427,000	499,000
Total	\$6,608,224 50	5,887,876 50	810,348

By which it will be seen that nearly 6,000,000 has been received in cash for the bonds I have assisted in negotiating, much more than enough to buy back at present prices the whole bonds of the State which have ever been sold.

There may, probably, be some small errors, as I do it from the reports of the board. As to present suspended debt, I have not however included the sums paid to remove encumbrance from property still held by the State, and which, if kept, will probably more than pay the whole debt and interest.

Interrogatory No. 22, by Mr. West.

State all you know as respects any person being consulted respecting any of your negotiations with the Morris Canal & Banking Company and other institutions. And whether you were not advised, and by whom not to sell or loan any bonds to that or any of the other banks or institutions, or individuals.

Answer.

My colleagues and myself often heard objections made to the Morris Canal and Banking Company, against which, on different accounts, there were prejudices; but from all we could learn, their punctual payment of several millions in times of great pressure, the capital stock of the company being \$4,100,000, and they having about two millions more on loan till 1846, we thought them safe, and more especially because we had satisfactory information that the Bank of the United States was a very large stockholder therein, and so well were my colleagues satisfied of its solvency, that when I last went on to make loans, in December, 1838, my colleagues, one of whom, particularly Mr. Farrington, had an unfavorable opinion of the new banking system in New York, limited me, in my negotiations, not to sell on credit to any but the Morris Canal and Banking Company, the Bank of the

United States, or Prime, Ward and King, it being known that the banks of New York city could not deal in our stocks.

I have no particular recollection of any particular persons being consulted about our negotiations with these institutions, although such may have been probably the case.

Interrogatory No. 23, by Mr. West.

From whence did you derive authority to sell the bonds of the State on credit? Were you not advised, in June, 1836, not to do so? Why did you trust the Cohens, brokers of Baltimore?

Answer.

We supposed we derived power to sell on credit from the law itself, and the practice was sanctioned by the Legislature, to whom every loan, and its terms, was reported, and who never expressed disapprobation, when a single resolution would have stopped it.

The reasons for the Cohen loan are given with the statement of it; and, had no security been taken, they were undoubtedly good for it, and it would have been paid punctually when due; but their giving, unknown to us, half of the loan to the Josephs, and their failure, ruined the Cohens. I do not recollect any advice not to sell on credit in 1836.

Interrogatory No. 24, by Mr. West.

Whilst acting as Fund Commissioner, please state by what mode the proceeds of loans were transferred from the East to Indiana? Who had the advantages thereof? What amount of premium of exchange has at any time been credited the State? Did you, at any time, loan any funds of the State? If so, to whom, and what amount? Did any Fund Commissioner ever derive any advantage by any negotiation, use of moneys, speculation, return commission from brokers, banks, or by loans obtained from banks or persons then owing the State, or negotiating for the purchase of State bonds with the agents of Indiana? State all you know and all you have heard relative thereto. What were your reasons for furnishing to the Free Banks of New York the bonds of the State to the extent you did, for a capital, selling the same on a credit? State, also the amount lost by such transactions?

Answer.

While I was Fund Commissioner the proceeds of the loans were drawn from the East by drafts in favor of the Branch Banks who had made the payments on the public works. The State had all the advantages of the exchange, which was paid by two and half months'

use of the money of the banks without interest and the trouble of making the payments. The banks complained much that the terms were hard, and sometimes refused to pay for the State on the terms the fund commissioners allowed.

I recollect but one instance of the State paying brokerage, and that was for the purchase of specie to pay the July interest of 1837. In this case the brokers charged the commission they were bound to do by regulations of the Brokers' Board, one-half per cent., and made out and receipted their bill to me accordingly, but returned me half the commission, which I credited to the State, charging the State only the one quarter per cent. actually paid, and I did the same on the purchase of twenty-three thousand dollars for the sinking fund commissioners, the amounts of which are on file in the office.

I have never known, to my recollection, any fund commissioner receive any private advantage, in any way to the prejudice of the State, in any negotiation for the State, or any other business done for the State.

There was only one sale, by myself alone, of the bonds of the State to a free bank, and those have been paid for; and one other sale with my colleagues, which part is paid, and perhaps the whole will be recovered. Our reasons were, that the European market was overstocked; we could not sell for cash; found difficulty to sell at all; and the funds were needed for the public works; and we supposed the debts secure; add to which we got a good price, and the purchasers have most reason to complain.

Interrogatory No. 25, by Mr. West.

Did you ever charge any commission for the sale, transfer, or assignment of any bonds in which the State was interested, when you were receiving salary or pay as commissioner? If so, how much and when?

Answer.

I never did.

Interrogatory No. 26, by Mr. West.

Did you appropriate the proceeds of the sales of the Winchester Potomack railroad bonds, received as security from the Cohens, to the Staten Island Company or Bank, or to their benefit any way?

Answer.

The bonds referred to were loaned to the Staten Island Whaling Company, by all the commissioners together, as a condition of their renting the factory. But the company not being acquainted with the bonds, were unwilling to take them till I, in the presence of the other

commissisoners, engaged, on my individual account, to procure Virginia or Indiana State bonds for them, at par. I subsequently did so; but whether I lost or made by the transaction can be no concern of the State. It was my individual contract with the company. But as it may be a relief to any who may apprehend I did make some money on my own account, in individual trades, while I was at the east, I will state that I did, in what I undertook to do for them, make something, but invested it again, about the time I ceased to be fund commissioner, in the Whaling Company, and lost it. The State, however, got the money, in payment of bonds of the company for stocks, so that I the less regretted the loss.

Interrogatory No. 27, by Mr. West.

Did the Morris Canal and Banking Company, or any bank or company ever make you any compensation for services rendered said company or banks or companies, while you were fund commissioner, or after you had ceased to be a commissioner? If so, how much, and when?

Overruled and the following question substituted by Mr. Eggleston:

Did or did not the Morris Canal and Banking Company, or any bank or company, ever make to you any compensation for any services rendered them connected in any with the discharge of your official duties?

Answer.

They did not.

Interrogatory No. 28, by Mr. West.

Did the State Bank of Indiana or any of the branches of the same or the commissioner of the sinking fund, ever make you any compensation or gratuity for any services rendered by you while fund commissioner? If so, what amount, and how paid; by whom and when?

Overruled and the following question substituted by Mr. Eggleston:

Did the State Bank of Indiana, or any of the Branches of the same, or any officer of the same, or the commissioner of sinking fund, ever make you any compensation or gratuity for any services rendered by you, while fund commissioner, to the prejudice of the state, or for any services connected directly or indirectly with the discharge of your official duties?

Answer.

I never received from any one, any gratuity for services to the prejudice of the state.

When I was in New York, the drafts were sent to me to make the

payments for the sinking fund commissioners of the interest on the bonds of the state, issued for banking purposes. In attending to it I found they were paying one per cent. commission to the *Merchant's Bank* for paying it and posting the coupons, which would have cost the sinking fund for the 3 years, the bank paying \$47,500 a year, \$475 a year, or - - - - - \$1,425

And for the remaining 23 years the bonds have to run, and on which the *Merchant's Bank* is now paying \$69,500 annually, commission \$695 a year, - - - - - 15,985

Whole amount the commissioners of sinking fund would pay \$17,410

To this I objected strongly, and by dint of such objections, and intimations that they could be arranged elsewhere, I succeeded in getting a permanent arrangement with the bank, by which they agreed to reduce these charges one-half, saving thereby in the whole time, to the sinking fund commissioners, the sum of \$8,705.

During the four years I acted as called on, in receiving the drafts and applying them to the payments for the sinking fund. I examined and in several instances, and with considerable labor, corrected their accounts as to the payment of the coupons at the *Merchant's Bank*; attended to seeing that the coupons were correctly posted in books in part and all for these paid at *Morris Canal and Banking Company*; and in 1837 procured the purchasing of \$23,000 in specie and paying it on the interest; for all which, the sinking fund commissioners allowed me in 1837 \$100, and in 1838 \$118 75; in all \$218 75, less than the amount I saved them on a single year's interest; this last allowance being exactly what I saved in six month's payments which they sent me. This was a business not by law committed to me, as fund commissioner, nor was it as such any concern of mine; and I am sure I felt clear, that the allowance made me so far from being a gratuity, was a very moderate compensation. The above inquiry specifying the sinking fund commissioners, brought the above transactions to my mind. I had of course no need to relate it to answer as herein, having received any thing to the prejudice of the state, or in any way connected with my official duties. Still as it would seem to have been in the view of the propounder of the question, I thought it best to save further misrepresentations to answer to it. And another instance is thereby brought to my mind, which is all I can recollect, whatever, that could be embraced in the above inquiry, and which was probably intended to reach. And that instance I am ready to state, although it had nothing in it to the prejudice of the state, or of my official duties about it. Other persons not here would be included in my answer, which is the only reason I do not submit it without this explanation. If desired by the committee, I am ready to relate it now.

Interrogatory No. 29, by Mr. Eggleston.

Do you know of any transaction between the Terre Haute branch of the State Bank of Indiana, and the Staten Island Bank, whereby the Staten Island Bank was furnished with state bonds, on credit by one of our fund commissioners, at the instance of the branch, or at his own instance, by which said bank was relieved from loss to the prejudice of the State? State every thing connected with this transaction.

Answer.

I know of no such transaction.

Interrogatory No. 30, by Mr. Eggleston.

Do you know or have you reason to believe that any person or persons, bank or corporation, in the state of Indiana, had any connection with the Staten Island Whaling Company or bank? And had you or any of your colleagues any agency or connection with said individuals in endeavoring to sustain said company or bank by the use of state bonds or the credit of the state?

Answer.

I have no reason to believe that any bank or corporation, or any person or persons, except myself, in Indiana, had any connection whatever with the Staten Island Bank or Staten Island Whaling Company, and I know of no attempt of my colleagues or myself, or any other person, to sustain said bank, or company, by any bonds, or credit, or means of the state, unless the sale of state bonds to the Whaling Company, or loan of some of the property received of the Cohens as the condition of renting the factory, be considered as such, or unless the sale of state bonds to the Staten Island Bank, by Gen. Stapp be considered as such.

Interrogatory No. 13, by Mr. Chamberlain.

Have you specific registers of the original entries of the No., description, and amount of each bond sold by you on account of the state of Indiana, when sold, and to whom, and on what account? If so, were not entries made at the time of the transactions, and can you not furnish the committee with your register of such original entries?

Answer.

The register of all the bonds sold while I was fund commissioner, is in the office of the fund commissioner. It contains the numbers of the bonds, amount, to whom sold, at what price, the amount of the sale,

and the date of the bonds, and I believe all the bonds sold were originally entered in this register; if not they were correctly transcribed. The records of the board, as well as the reports to the legislature show the date of sales, and all the commissioners in office at the date of the bonds signed each.

Interrogatory No. 32, by Mr. Parker.

Have you any knowledge of a soap-factory ever having belonged in whole or in part to the state of Indiana, or of any such concern having been mortgaged to the state, to secure the payment of any portion of the suspended debt? If so, state who negotiated the soap-factory transaction for the state.

Answer.

I know of no soap-factory belonging to the state, either in whole or in part, or of being mortgaged to the state for any purpose.

Questions from No. 33 to 36 inclusive were submitted by the committee, and time at the request of witness, given until next meeting to reply. Committee then adjourned to meet again, in the capitol, on Tuesday evening the 21st Dec. at 6 o'clock.

J. C. EGGLESTON, *Chairman.*

Agrecably to adjournment the committee met at the capitol on Tuesday evening the 21st Dec. at 6 o'clock. All present. Messrs. Farrington and Smith being sworn, interrogatory No. 1 was submitted to both, and time given, at their request, to prepare their answers.

Dr. Coe was not prepared to answer the questions of last meeting, and the committee having prepared the additional interrogatories, Nos. 37 and 38, to be replied to at next meeting, adjourned to sit again in the capitol, on Thursday evening the 23d Dec. at 6 o'clock.

J. C. EGGLESTON, *Chairman.*

Committee met pursuant to adjournment in the capitol, on Thursday evening the 23d Dec. at 6 o'clock. Messrs. Chamberlain, West, and Eggleston present. The following letter was read to the committee by Mr. Eggleston, and ordered to be placed upon record:

BLOOMFIELD, Dec. 18, 1841.

HON. J. C. EGGLESTON,

Sir—On Thursday last I was summoned by Mr. Thompson to appear before a committee of the Senate of which you are chairman, to answer under oath touching certain matters now before that committee, in relation to our system of internal improvement. Owing to my present state of ill health, it will be out of my power to obey the summons of your committee. I am greatly afflicted with spasms of my stomach, and the least fatigue or exposure increases them to such a degree that I am confined to my room. In regard to the transactions of our fund commissioners in selling state bonds, &c. I am utterly ignorant; and I am equally so, in respect to the proceedings of the board of internal improvement after I ceased to be a member of that board. On any subject however, that your committee may think proper to propound interrogatories to me in writing, I will answer under oath, duly certified by a justice of the peace of this place.

On a final settlement of my accounts as commissioner of the line of road from Jeffersonville to Crawfordsville, and also from Crawfordsville to Lafayette, it appeared from the statement of the clerk of the fund commissioners, that I was indebted to the state the sum of 5 cents. This amount I handed to the Hon. Wm. Berry, when going on to the legislature two years ago, with the request he would pay it over to the fund commissioners. There was at that time, and still remains, a balance due me as commissioner, for services from the 28th of February to the 3d of March, 1838, which I never expect to receive, of \$10 50.

I have thought it due to your committee, thus early to apprise them of my inability to obey their summons, in order if it be thought necessary, that written interrogatories may be sent to me for my answer.

Very respectfully,

Your obedient servant,

D. H. MAXWELL.

Col. Blake being present, was sworn; and interrogatories numbering from 1 to 22 inclusive, were submitted to be replied to at next meeting. The examination of Dr. Coe was then resumed, and the following questions answered:

Interrogatory No. 7, by Mr. Parker.

What loans have you made for the state, of whom, what amount? How were the funds transferred to the state? Did the state make or loose by any of these transfers? If so, how much? and state generally all the particulars in reference to these loans.

Answer.

When I first visited New York, after my appointment in 1836, I

found my colleagues, the old commissioners, had, after inquiry, become satisfied that no loan could then be made for cash in hand for terms limited by law, viz: par for five per cent bonds; but that there was some prospect of effecting a loan on a short credit, on interest, on these terms. It then became a question whether to make a loan on these terms, or return home without, disappointing the expectations of the people, and making it necessary to discharge all the companies of engineers. After full consultation, it was the unanimous opinion of the board, that if bonds could be sold on a credit, so that the payments would meet the wants of the state, be secure, and on interest, it would meet the intentions of the law, which required that the money when obtained should be loaned at interest till wanted, and would comply with the wishes of the people, and being within our powers, would be clearly within our duty.

Having these views my colleagues had, before my arrival, commenced negotiating with one of the Messrs. Cohens, then in New York, for such a loan, which the board were rather disposed to make with that house from the fact, that they had the preceding year, purchased for cash, and at a premium, our state bonds to the amount of \$600,000, which they still, as they said, held, and our putting bonds into other hands at a lower price might injure them, and the price of stocks.

Accordingly one of my colleagues proceeded to Baltimore and arranged with the firm the terms of a loan, giving the house one week to accept or decline it: while I proceeded to Washington, in hope of effecting a loan of funds in the hands of the government.

Before the week expired, the Cohens notified me of the acceptance of the loan, one condition of which was giving satisfactory security, and paying 5½ per cent. interest till paid; the funds to be placed in the National Bank, New York, and drawn for at pleasure, so as not to average less than four months, while heretofore the commissioners had only been able to obtain 4 per cent. interest for those deposited. I immediately informed my colleagues of their acceptance of the loan, one of whom had returned home, and the other was in New York; proceeded to Baltimore—put the contract in writing, and went on to New York to prepare the bonds, and with my colleague take the security.

On arriving at New York, I was disappointed to find my colleague had that day left for home, by which the responsibility of taking the security was placed on me, which I much felt, being a new member and so much a stranger in the city. I however, proceeded to sign the \$30,000 coupons attached to the bonds, deposited them at the Merchant's Bank, and engaged the president and cashier to take the security for the state, which with considerable reluctance they undertook.

I then returned to Washington, still hoping to succeed in effecting a loan there, but was unsuccessful, except to a very small amount. On my return to Baltimore, I found the senior partner of the Cohens had been to New York to give the security and receive the bonds, and offered the Messrs. Josephs as security, but the president of the bank be-

ing absent at Washington, the cashier had declined the responsibility of himself alone accepting the security, and now the Messrs. Cohens stated that they should offer no other security, and if this was not accepted without further delay, they should consider the contract at an end. Thus situated, I greatly felt the responsibility of my situation. On one hand, I was unwilling in any manner to jeopard the interests of the state, and on the other, should I fail of securing the loan, the news of which had gone home, by refusing security which was really good, I felt I should be censured, and the public expectation much disappointed. The only man to whom I could apply with confidence for correct information, in Baltimore, was Mr. Cushing, president of the Savings Institution, a wealthy and highly respectable citizen. His opinion was entirely favorable to the Cohens, stating that he had long known them, considered them men of undoubted integrity, that they had made a great deal of money in their business, and he had never known them to suffer any serious loss. I also met with Mr. Palmer, president of the Merchant's Bank, New York, on his return from Washington, who had spent a day with his friend Mr. Boswell, a retired merchant of wealth and respectability, and had inquired of him for us the standing of the Cohens, and was informed, as he told me, that they were undoubtedly good for the amount of the loan themselves, and on visiting Mr. Boswell with Mr. Palmer, I received from him the same assurance.

I then asked Mr. Palmer if, in his opinion, I might safely close the contract, taking the Josephs for security; to which he gave his opinion that I might.

The Josephs were, at that time, doing an extensive business, as bankers, in New York; and all I could learn was favorable to their ability and integrity. While the Cohens were then doing a very extensive banking business, their paper was in high credit, and they enjoyed the deposits of, I think, about forty banks of Maryland and other States.

Under these circumstances I felt I should be justly censurable if I refused to take the responsibility of closing the contract, and accordingly, after taking the bonds of the parties, I delivered the state bonds, and my colleagues approved my so doing, and we reported the loan to the next Legislature, and no exception was taken to it to my knowledge; and, had no security been taken, I have no doubt the debt would have been entirely safe, and paid when due. But, unfortunately, instead of asking the Josephs to become security, they offered them a partnership, and delivered them one half of the state bonds, which they accepted:—a conclusive argument that each firm thought the other solvent, or they would not have become bound for each other; or, at any rate, the Cohens, who were undoubtedly so, would not have entered into a contract which bound themselves in so large an amount with the Josephs, unless they believed them solvent also.

On the failure of the Josephs they were indebted on this account, and another to the Cohens of two hundred thousand dollars, as was

admitted by both; and the whole balance due the State was about \$298,000.

On the news of this failure I immediately started from home for Baltimore and New York,—one of my colleagues not being able to go, and the other at a distance,—and was unremitted in my endeavors to secure the debts. One of the Cohens had, however, gone to New York on the first news of the failure of the Josephs, and had taken 384 lots, including water lots, above the city of New York, with a mortgage on some property at Poughkeepsie for thirteen thousand five hundred dollars, subject to a previous mortgage, as full satisfaction for the two hundred thousand dollars, and had given their engagement to pay the State. This property the Cohens transferred to me, to secure the State, together with other property, estimated at one hundred thousand dollars more, being all that I could then get, and entered into an agreement to pay the debt in instalments of twenty-five thousand dollars a month; but this engagement they subsequently found themselves unable to comply with, for the report of their liabilities to the State, on account of the Josephs, imprudently exaggerated in one of our papers to five hundred thousand dollars, alarmed all their other creditors, depositors, and holders of their bank bills, several hundred thousand of which, as I was informed, were then in circulation, and a general rush was made, which, in the general panic which then prevailed, they were unable to provide for, except to redeem their circulation.

Not satisfied with the security obtained, I proceeded to New York, and called on the Josephs, who stated the undertaking of the Cohens to pay the debt, and their own inability to do any thing. Finding I could obtain nothing otherwise, I commenced a suit in the United States court, by process from which they were subject to imprisonment, from which they were free under process from the court of New York.

The heavy bail required, one million six hundred thousand dollars, having put them to much difficulty and danger of imprisonment, they became alarmed, and proposed a compromise; and, after an examination of their books, and the statement of thir affairs, the terms of compromise were agreed to, provided one could be satisfactorily made with the Cohens, and the sanction of the Legislature obtained; and deeds for the property to be given were placed in escrow for that purpose; and the same day, at evening, a general assignment of their property to trustees for the benefit of their creditors was made, on which, I was informed last fall, no dividend had been made, and probably none ever will be. All their unpledged property of much value was obtained for the State, leaving, as I estimated, not more than two cents to the dollar for other creditors, under the most successful collection.

1st, The property thus obtained was the sperm factory and lots at Brooklyn, subject to a mortgage of thirty-five thousand dollars, but for which they had been offered and refused one hundred thousand dollars, as Mr. Mead, late cashier of the Merchants' Bank, certifies was within his knowledge.

2d. One hundred and eighty-two lots above the city of New York, which had cost them upwards of forty thousand dollars, as shewn by their books, but on which there was a mortgage of twelve thousand dollars, and, as I am since informed, a mortgage which covers this with other prospects, but for which the other property, being in equity first holden, and is said to be sufficient to pay it, there will probably be no continual liability on this last mortgage.

3d. The return to the Cohens of their releases to the Josephs, by which an attachment of thirty thousand dollars on property of the Josephs in Maryland, and which was assigned to the State, was left in force, part of which has already been recovered, and the remainder undecided.

A negotiation had, in the mean time, been carried on with the Cohens, for a compromise, in which my colleague, Judge Hanna, took a part, and their proposals obtained, and, after being empowered by the Legislature, the compromise was effected, by which all the principal of the five hundred thousand dollars has, in the whole, been received, except two hundred and seven thousand dollars; and if a bond of the Cohens, on which fifty thousand dollars at six per cent. interest, is still due, and secured by mortgage on their banking house, and considered entirely safe, be taken from this, the balance of principal will be one hundred and forty-seven thousand dollars; and the following property is held to secure this with the interest thereon, and the advances which have been made to remove incumbrances, viz. seventy-five thousand dollars in stock of the Baltimore and Ohio Railroad, all paid, and now drawing two per cent.; but, when the road is completed to Cumberland, now in progress, it is estimated will be worth par; fifty thousand dollars, an attachment on property of the Josephs, in Maryland, on which the Canton Stock was recovered, which cancelled about three thousand four hundred dollars of the attachment, less, however, than the accrued interest due thereon. There has also been recovered five hundred shares of General Insurance Stock, not sold; and there is still undecided the claim to fifteen hundred dollars shares American Life and Trust Stock, which it is probable may be recovered, on which seventy-five thousand dollars, the amount of the shares, has been paid; fifty-one lots, including water lots, in Brooklyn, opposite New York, with the sperm factory, fixtures, and implements thereon, for which property the Josephs refused one hundred thousand dollars, and this, I believe without including the implements of manufacture, worth, probably, from ten to twenty thousand dollars, although I do not now recollect their estimated value. This property is now clear of all incumbrances, and being opposite the business part of New York, must, when times again become prosperous, become very valuable—at least worth the one hundred thousand dollars formerly offered for it.

One hundred and eighty-two lots in the neighborhood, and on the 89th street and 8th avenue, subject to mortgage of twelve thousand dollars, and perhaps an eventual liability for part of four thousand dollars more, though not probable. Three hundred and eighty-four lots on and in the North river, between 65th and 67th streets, New York,

subject to a mortgage of thirty-two thousand five hundred dollars and interest.

Believing it the interest of the State to hold on to this property till the compact part of the city should reach it, when in New York last fall, I addressed inquiries to Mr. Coddington, then Postmaster, who held property near the lots on the river, Mr. Hoyt, then collector, who was once interested in the property, and to his brother, L. Hoyt, also acquainted with the property, to learn their estimate of its probable value fifteen or twenty years hence; naming that time because the bonds of the State for which it was sold, part became due in about twenty years, and the remainder in about forty-five years; and the State, having given only her credit for the property, could well afford to wait until her own bonds become due, and having in the same contract received much more money than enough to pay all incumbrances on the compromise property, and interest in the bonds sold which has as yet accrued, and the probability being that the ground may soon be put under a rent, which, with the dividends from the Baltimore and Ohio Railroad Company, and rent of the sperm factory, and what may be recovered on the attachment, would pay future interests on the amount due on the compromise property and all taxes on it.

The postmaster and collector being much engaged in the duties of their offices, the brother of the collector, a very candid man, prepared the reply, in which the postmaster and collector concurred. I subjoin a copy of this reply, and only observe, that the estimate was made under the influence of the present distressing times; but, should the city return to its former prosperity, which there is every reason to believe will be the case, from its commanding situation and the extensive north-eastern country which must go to the market, and prices stand as in former times of ordinary prosperity, these five hundred and sixty-six lots, when the city shall be compact around them, which, unless some great calamity intervenes, will, it is estimated, be in less than twenty years, will probably sell for an average from four to five thousand dollars cash, amounting to from two to three millions of dollars.

I will further observe, that when the three hundred and forty-eight lots were taken, they were subject to a mortgage of sixty-five thousand dollars, with the bond of the Josephs, one half of which belonged to an individual who held the mortgage, and the other half to the Bank of the United States, who held the Josephs' bond. A few months before due, the individual having offered a discount, at the rate, I think, of twelve per cent., for payment of his half, I paid it and took up the mortgage with an assignment of his half of the mortgage to the State. The Bank of the United States have taken legal steps to collect their portion by sale; and if the property is sold, one half will revert to the State. But I should think it much to the advantage of the State to pay the \$32,500 and interest, with the first available means, and hold the property.

The following is a copy of my note to each of the gentlemen above named, and their reply.

New York, Sept. 15, 1840.

J. CODDINGTON, Esq.

DEAR SIR:

From your acquaintance with the lots owned by the State of Indiana, from the 10th avenue in New York to the Hudson, you will oblige me by giving your opinion as to how long you believe it will be, before the city will be likely to be built compactly to these lots; and what, at that time, say twenty years hence, in time of ordinary prosperity, you should suppose would be the average value of these lots, including those now under water in the river. Will you also have the goodness to state your opinion of the probable average value of the 182 lots on and near the 8th avenue, from 89 to 96th streets, belonging to the State of Indiana, at, say fifteen or twenty years hence?

Very respectfully yours,

I. COE.

JESSE HOYT, }
L. HOYT. }

NEW YORK, Sept. 24, '41.

DEAR SIR:

In answer to your note of the 15th, I will state, that it is almost impossible to form a satisfactory opinion as to within what period of time the city will be considered extended to the property owned by the State of Indiana, bounded on the north by 67th street, and on the south by 65th street, on the west by the Hudson, and on the east by 10th avenue.

The city may be considered as already extending north as far as 42d street, and I believe continuous wharves and docks have been built on the river nearly or quite up to that street. As to this I cannot now speak positively, not having recently been in the neighborhood with a view of ascertaining.

There is now, and has been for some time, a wharf at the foot of 70th street, which is considerably above the property of the State, and a very considerable establishment has recently been started above, by Francis, the builder of life-boats. This is an important improvement. I think it safe to say, that in the course of five years the river lots belonging to the State will be required for business purposes; but what will then be their selling value, assuming that they continue in the condition they now are, it is very difficult to say. Before they can be used for business, some considerable work will be required on them, such as filling up, &c. Much, if not all the materials for doing this are on the property.

My knowledge of the expenses of this kind of work does not teach me to speak with any certainty of it, but I should suggest, as a proper mode of having it done, to pay for it in a lease of the property, for such time as circumstances might render fair.

I think it may be assumed, that at the expiration of five years they may be made a source of considerable income to the State.

My opinion is, that it is safe to estimate the whole three hundred

and eighty-four lots, into which the property is divided, to be worth, at the expiration of twenty years, two thousand dollars each. As to the present selling value, I have no means of determining, any further than that the owner of the adjacent parcel, containing the same quantity, now asks one hundred thousand dollars for it. It is situated north of the land of the State, and consequently more remote from the city.

As to the property in the neighborhood of the 8th avenue, and 89th street, my knowledge as to its precise location is not such as to enable me to form a satisfactory opinion. I expect, in a few days, to see a map, shewing its precise boundaries. From my general idea of it, however, I think it not unreasonable to say, that at the expiration of fifteen years from this time, it will be worth fourteen hundred dollars the full lot; but at present property in that neighborhood is without any selling value.

In a very short time however, I have no doubt, some arrangements may be made in relation to it, from which an income, considerably more than to pay the taxes, may be derived.

Respectfully, yours, &c.,
L. HOYT.

We concur in the general views and estimates above made.

Sept. 29, 1840.

J. J. CODDINGTON,
J. HOYT.

LOAN TO STATEN ISLAND WHALING COMPANY.

WHEN my colleagues and myself met in New York, it was very apparent that the large sperm factory received of the Cohens, ought, if possible, to be rented, as well as to preserve it from injury and dilapidation, and save the expense of an agent to take care of it, as to make it productive and more likely to sell well.

On enquiring for a tenant, the Staten Island Whaling Company offered to rent it on condition funds were loaned them by the State, to aid in stocking it, or establishing a free bank, which they had in contemplation, which was intended to aid their operations. As the superintendent of this company was a man of long experience in the sperm manufactory, and formerly had had charge of this same factory, and the company was composed of respectable men, we considered it an object to rent them the concern, in which they were at first desirous the State should be a partner, and Mr. Smith, the superintendent, shewed us a statement of the amount which might be manufactured, and the profit to be expected, in which, from his experience, we had considerable confidence. But having no power to make the State a partner, it was thought advisable, by the whole board, to loan

them, for five years, some railroad bonds and other funds received from the Cohens in compromise, to the amount of fifty-two thousand dollars, which was by them converted into state stock for their bank. This was secured, by bond and mortgage, twenty thousand dollars, on the factory, implements, and land of the company at Staten Island, and thirty-two thousand dollars by mortgages on individual property of two of the directors, guarantied by the company; and the board, while together, also sold the company forty thousand dollars of stock, on a short credit on the notes of the company, guarantied by, I think, seven of the directors, which have since been paid. After the return of my colleagues home, and before my return, and after, I think, the first payment of ten thousand dollars was made on the forty thousand dollars sold the company, and the remainder being due in three monthly instalments, they were in want of more capital to carry on the extensive works rented of the State, and being able to use state bonds to increase their capital in the new bank, and believing it the interest of the State that the works should be profitable, I made a further sale of \$60,000 of state dollar bonds, at five per cent. interest at par, on an average credit of nine or ten months, which did not come due till I was out of office, they paying at the rate of six per cent. interest, which debt was secured, first, by the bonds of the company, secondly, by the indorsement of seven directors, and thirdly, by the transfer of \$60,000 of stock in the Staten Island Bank. At that time I considered either of the securities good for the amount.

The company was incorporated with a capital of two hundred thousand dollars, all, or most of which, I was informed, had been taken up, and a list of sixty-nine stockholders was furnished me, some of them of great wealth and respectability, and ten or twelve gentlemen had, the year previous, formed an association, purchased land, erected a factory, and purchased and fitted out a whale ship, all which they had put into the company at forty-eight thousand dollars, and taken it in stock, and the return of the whale ship was expected the next spring, and, it was anticipated, with profit.

The stock of the Staten Island Bank was then worth par, and of the indorsers three were merchants, doing considerable business in New York city; two were farmers of considerable property,—one supposed to be worth more than twenty thousand dollars, and probably still is so; another was the agent of the company, who owned eight thousand dollars in stock; and the other a mechanic of considerable property, who kept a lumber yard. I considered, then, the debt abundantly good; my colleagues sanctioned the loan, and it was reported to the Legislature. Subsequent events have, however, caused the failure of the company:—among which are, first, the long voyage of the whale ship, and a final loss of more than twenty thousand dollars thereon; second, the heavy loss on our state stocks purchased by them, on account of their great depreciation; thirdly, the great loss on their stocks in the bank,—much of this caused by depreciation of Indiana State Stock; fourthly, losses by bad debts in the severe pressure in the fall of 1839, and the use of a large amount of funds by an agent.

These unexpected losses, and not a loss on manufacturing, have ruined the company, and make the recovery of the debt, except for the value of the pledged bank stock, uncertain.

After receiving the said sixty thousand dollars of stock in the Staten Island Bank, as part of the collateral security for the loan to the Whaling Company, it was suggested that I should become a director of the bank for the time of the State's holding such stock, which I thought afforded an opportunity of better overseeing the interest of the State. I therefore agreed to it. For that purpose, fifteen thousand dollars of the sixty thousand dollars of stock taken, was transferred to my name, and forty-five thousand dollars to the State, and I acted for a time as such director, and, while there, every thing appeared to be prudently and safely conducted.

On my going out of office I transferred the said fifteen thousand dollars stock to my successors. Some of the notes of the Company were made payable to me, as to other directors; but I never borrowed any money of either. Some of the bills of the Staten Island Bank were filled up with my name, as payee, and by me taken for other funds of my own, and brought to the State, when as good as any other eastern paper, and put in circulation; but I am not aware that any person in the State has suffered any loss thereby. On my own account I never owned any stock in the Staten Island Bank.

I feel it also proper, that the Committee may fully understand all the circumstances, relating to the Staten Island Whaling Company, and prevent misrepresentation, to state a contract made by me individually, at the time of renting the factory, but intended for the benefit of the State.

In fixing the rate of the rent the company were not willing to pay more than \$3,000 a year, but finally came up to \$4,000 as the highest they would give. This for the factory alone, we all thought enough, but in consequence of the loan made by the state, and the profits they expected to realize, I thought it ought to be \$5,000, and to induce them to give it, offered to pay them \$1,000 a year if they would give the \$5,000 instead of \$4,000, provided they would give me one-third of the profits, as being a proportion due the state for furnishing them the loan, and stating, at the same time, in presence of my colleagues, my intention of offering the contract to the state. To the proposition they agreed. I append hereto a copy of the contract, in which the third of the profits is made payable to the state on my assignment of the contract.

On my return to Indiana, I proposed in our report to the legislature, a full statement of this matter, tendering to the state the engagement I had made if the legislature chose; but my colleagues, conceiving it no part of our fund commissioners' business, positively declined having it inserted, and the ridicule with which the receipt of the sperm-factory, or as it was termed, soap-factory was treated in the legislature, convinced me that the view taken by others was correct, and that any such communication as I had intended would be utterly disregarded. The matter rested there. The result has been that by my engage-

ment, the State received five thousand dollars a year rent instead of \$4,000, while the company was able to pay, and for my share of the company's operations, I had the pleasure of paying to the company my fifth portion, to be applied towards the rent to the state, without ever having received a dollar of profit, or even now expecting it.

And I will further state that two or three months after the last sale of state stock to the Whaling Company, and about the time the act passed legislating me out of office, I for the first time, unfortunately for myself, became a stockholder in the company, having still at that time much confidence in its success; which stock I purchased solely with my own means, and it resulted in my individual loss.

COPY OF CONTRACT.

It is hereby agreed between the Staten Island Whaling Company and John H. Smith, of Staten Island of the first part, and Isaac Coe, of the State of Indiana of the second part, that whereas, the parties of the first part being in treaty with the fund commissioners of the State of Indiana, for renting at an annual rent of five thousand dollars, the sperm, oil, and candle factory at Brooklyn, lying between Gold street, and the lands of Mathew Bruen, and between John street and the river: that in order to secure to the State of Indiana the addition of one thousand dollars per annum rent for five years, the party of the second part engages individually to pay to the parties of the first part, the said additional one thousand dollars a year rent for five years, on condition, and in the manner following, viz: At the expiration of each and every year, during the five years aforesaid, from the first of August next, the said parties of the first part covenant to furnish to said party of the second part, a full and complete statement of all their operations in the purchase, sale, and manufacture, of sperm oil, candles, whale-oil, and bone storage and dockage, as arising from the operations at Brooklyn, on said property so leased, or in any way belonging thereto, and if after allowing said Smith fifteen hundred dollars a year for superintending and managing said concern, (of which he engages to take charge, and also to make the purchases and sales therefor) and five thousand dollars per annum rent, there shall remain any profit, the parties of the first part hereby agree to pay one-third part thereof to said Coe, or to the State of Indiana, if he shall assign to said State this contract.

And said Coe, in consideration as aforesaid, of receiving one-third of the profits aforesaid, hereby agrees at the end of each and every year as aforesaid, if there shall be no profits on said concern after paying said compensation and rent aforesaid, that then said Coe will pay to said parties of the first part the sum of one thousand dollars aforesaid, or so much thereof as will save the said parties of the first part from loss, but shall in no case be subject to greater liabilities than for the one thousand dollars per annum aforesaid.

And it is agreed by the parties of the first part aforesaid, that the fifty-two thousand dollars to be furnished by said fund commissioners

shall be exclusively used in the operations aforesaid, as far as will be necessary to most advantageously conducting its business.

In witness whereof the parties, Smith and Coe, have hereunto set their hands and seal, and the Staten Whaling Company affixed its corporate seal, this 23d day of June, 1838, at the city of New York.

RICHARD D. LITTLE, [L. s.]

ISAAC COE, [L. s.]

JOHN H. SMITH, [L. s.]

Sealed and delivered in the presence of

JOHN WEST.

SALES OF BONDS TO MORRIS CANAL AND BANKING COMPANY.

In July, 1836, after completing the sale to the Cohens, my colleagues having returned home, I called on the house of Thomas Biddle & Co., Philadelphia, to which I had an introductory letter from my predecessor, to ascertain whether any further loans could be made, as we were required if practicable to negotiate further loans for the bank, Wabash and Erie canal, and the internal improvement fund, for upwards of two millions of dollars. I succeeded in making a conditional contract with them and the Morris Canal and Banking Company, which after visiting New York, and inquiring into the affairs of the Morris Canal and Banking Company, was confirmed. By this, sales were made at one per cent. premium, of five per cent. dollar bonds to the amount of \$440,000 for the bank, payable the first of November ensuing; of \$450,000 for the internal improvement fund; and \$139,000 for the Wabash and Erie canal fund, the two last to be drawn for at pleasure, so that the average credit was not less than one year, and the whole to bear five per cent. interest till paid.

At that time Thomas Biddle, & Co. were brokers of the first standing for wealth and respectability, and the Morris Canal and Banking Company had a capital of \$4,100,000, all said to be paid in, of which \$3,100,000 was invested in the canal, and \$1,000,000 was used for banking purposes; and in addition thereto, they had nearly \$3,000,000 on a ten years' loan, increasing their actual capital to that amount, so far as related to their ability to pay the State, and their last report showed a balance of profit still undivided of \$273,229 37. Lewis McLane, former secretary of the United States treasury, was its president, and its board of directors was composed of business men of much reputed wealth and great respectability. In the spring of 1837, when the general pecuniary crush took place in New York, and the State was deprived of other resources for her public works, the Morris Canal and Banking Company still continued to pay all drafts—the bank loan had been paid off, and our interest which fell due in July for

the bonds sold the Morris Canal and Banking Company, and was payable at their counter, was all paid for us by them in specie without premium, while on the interest due at the Merchant's Bank, we had to pay eleven per cent. premium for specie. And I may add that the great correctness and method with which their business was done, and accounts rendered, increased our confidence.

After trying the market and being unable to sell, except the sum of \$30,000 for cash, at any thing like the rates of previous sales, Mr. Smith and myself made several negotiations with the Morris Canal and Banking Company, amounting in all to the sale of \$2,000,000 of five per cent. dollar bonds, on which a premium of thirty-four thousand dollars was obtained, the sale being on a credit so as to meet the supposed wants of the public works, and drawing five per cent. interest till paid. Previously however to this sale, we had satisfactorily ascertained that the Bank of the United States was a very large stockholder in the Morris Canal and Banking Company, which increased our confidence in its ability and safety.

In the summer of 1838, my colleagues, Messrs. Smith and Farrington, joined me in New York, but the Morris Canal and Banking Company declined purchasing at former rates, but we sent out through them \$1,000,000 of sterling bonds to London for sale, with the privilege of drawing thereon to a certain amount, repayable if sales were not made in one year. My colleagues remained for some time, and we sold bonds to the amount of \$340,000 to two institutions on credit, and after their return, I, being authorised so to do, sold to three institutions to the amount of \$260,000; all these sales were on credit at par for five per cent. bonds, and both my colleagues and myself, after their return, had numerous applications from free banks and others for stock which we refused to sell, deeming the security insufficient. When about to return home in November, having been unable to effect any large sales, the calls on the public works being very large, and our only means of payment being the taking up advances on the million of bonds sent out, of which we had already drawn, I think, about \$400,000. I became accordingly desirous to make further sales, knowing if it were not done, it would be unsafe to continue the public works; and as I could make no sales upon justifiable terms in New York, the president of the Morris Canal and Banking Company consented to accompany me to Philadelphia, to see if the Bank of the United States would not unite with the Morris Canal and Banking Company in making the purchase. This the bank declined, but I finally succeeded in negotiating to the Morris Canal and Banking Company the sale of the million sent out at par in New York funds, and \$200,000 five per cent. dollar bonds at ninety per cent. in payments with interest, except previous advances; and as objections had been made to the form of the million dollars of sterling bonds, it was agreed that others should be furnished to exchange for them, which I brought home for the signature of my colleagues, and after remaining nine days returned to New York and delivered the bonds. — But still our sales would not meet the payments on the public works, and when making

the last sale, I had given the *Morris Canal and Banking Company* the refusal of another million on the same terms till the first of January. But on the first of January that option was declined, and it was not until the 18th that I succeeded in selling another million sterling five per cent. at par in New York funds, and \$400,000 five per cent. dollar bonds at ninety per cent. About the time of the sale in November, Mr. Palmer, president of the *Merchant's Bank* sold, as he afterwards told me, a parcel of Alabama State bonds, indorsed by the bank, and having I think from three to six years only to run, at fully eleven per cent. lower than our sales, and another parcel of the same in January at the same rate; and all sold on a credit to the *American Life and Trust Company*. Mr. Palmer told me the State of Alabama, considering the short time the bonds had to run, paid about eight per cent. interest on her loan.

The whole amount of sales to the *Morris Canal and Banking Company* while I was a Commissioner, was \$5,423,290, of which has been paid exclusive of interest, \$5,099,666 92, a greater sum already received than the bonds could have been sold for in cash at the time of their respective sales.

In the spring of 1836 I sold bonds to the Secretary of War to pay the greater part of the interest due for one year on bonds previously sold him on Indian account. The previous sales had been at seven per cent. premium, and these were sold at the same. In the previous sale there was a fractional bond for uneven dollars and cents. This I took up, and made all the bonds one thousand dollar bonds, which accounts for the fraction in the sale; as all the appropriations and other sales were for even one thousand dollars. These fractions would occur twice in every subsequent appropriation, had it not been remedied.

The amount of sale was bonds to the amount of \$2,742 58, for which was received \$2,934 56.

In the summer of 1837, I made sale of thirty thousand dollars five per cent. bonds to Christmas, Livingston, & Co., for cash, at par.

SALE TO BANK OF WESTERN NEW YORK.

Sale of \$300,000 five per cent. bonds, at par, on credit, in July, 1838.

This took place in the summer of 1838, all my colleagues being present and consenting. Diligent inquiry was made concerning the character, standing, and property of the parties contracting, of Gov. Seward, and other distinguished men, from all which we received the most satisfactory information. The security taken was,

1st, the bonds of the bank; 2d, the bonds of the *Georgia Lumber Company*; 3d, a mortgage on 300,000 acres of land, appraised with the mills, &c. thereon at, I think, about \$1,400,000. The appraisal was made by men certified to hold public offices, such I think, as judge, and county clerks, &c.; 4th, the individual members of the *Georgia Lumber Company* were, by the charter, made liable for all its debts.

Of these there were several men of reputed wealth, as Evans of Batavia, reputed to be worth a million dollars, Schammerhorn, president of one of the Rochester banks, said to be worth two or three million dollars. A list of stockholders amounting to thirty or forty was there furnished us, and although the two before-named have failed in the pressure of the times, probably others may possess property.

SALE TO ERIE COUNTY BANK.

A sale in the fall of 1838, was made to the Erie County Bank, of bonds to the amount of \$100,000 five per cent. dollar bonds at par, on a credit until the next spring and summer.

Security bonds and mortgages were taken to about the amount of \$150,000. Part of these mortgages were returned as the debt was paid, and part are still kept in security for subsequent sales. This has all been paid, and is the only free bank to which bonds were sold, when I was commissioner, when my colleagues were not present.

Numerous applications were made to me when my colleagues were not present, as well as to other members of the board, which were refused. Among others, I recollect, the Seneca County Bank, which offered the security of bonds and mortgages, and was refused, although I understand the same institution afterwards got credit for a large amount with some of the best Indiana Branch Banks, with only the security of her own drafts, and which has been lost.

SALE OF BONDS TO PONTIAC RAILROAD COMPANY.

Some time in October, 1838, Alfred Williams, of Michigan, applied to me then in New York, to purchase \$100,000 of State bonds for the Pontiac Railroad on credit, and gave me several respectable references for his standing and character, of whom I now only recollect Alderman Benson. Not being personally acquainted with the persons referred to, I made inquiry through some other person, I think the then counsel for the State, and received assurances that he was a man of integrity, and supposed to be worth \$100,000. He proposed to give for the stock, the bonds of the Pontiac Railroad indorsed by the Pontiac Bank, and a bank in Good standing in Buffalo, and also his own indorsement; and stipulating that the bonds should be a lien on the Pontiac Railroad, which he said was free from incumbrance.

I was the better pleased with the security of the Pontiac Bank at that time, from hearing that it had not suspended specie payments, when the other banks did in 1837.

Believing the security good, and that the sale of five per cent dollar bonds at par, would be a good one for the State, and not then having been able that season to effect sales to any extent, a contract was made, and \$100,000 of State bonds deposited with the Morris Canal and Banking Company, to deliver to the order of the counsel, then acting for the State, after he had received the bonds of the parties with

security, which was completed, and the bonds delivered, while I was absent on my return to Indiana.

The bonds taken did not fall due till I went out of office, and only ten thousand dollars, I understand, have been paid. But for the failure of a bill for want of time in the Michigan legislature, I understood, the debt would have been paid when due. The bill had, as I am informed, passed one branch of the legislature, and had passed to third reading in the other by a majority on the last day of the session, and for want of a two-thirds majority, to suspend the rules and let it pass that day, it failed.

That bill provided for the purchase of the road by the State at something over \$200,000 to be immediately paid to the company by the State, and this was intended to pay Indiana. I have since learned that the State of Michigan had a previous mortgage on the railroad, and individual lands worth \$200,000 to secure \$100,000. Should the State be compelled, first to sell the individual lands, the railroad, which cost I am told from two to three hundred thousand dollars, may probably pay the debt to Indiana, or perhaps the State of Michigan may yet take the railroad and furnish funds to pay Indiana, as it lies, I am told, in a commanding situation.

P. S. Mr. Williams had the option of giving as indorser either the City Bank of Buffalo, or Merchant's Exchange Bank of that place. I think the latter was given.

Interrogatory No. 33, by Mr. West.

State whether in any speculations or undertakings of any description, made by you in New York or elsewhere, whilst fund commissioner, you used the funds or moneys of the State, as an aid, capital, or help, in any way, directly or indirectly. If so, state how much, and the profits you made by the transaction.

Answer.

I have never, to my recollection, knowledge or belief, in any speculation or undertakings in New York or elsewhere, while I was fund commissioner, used the funds and moneys of the State, as an aid, capital, or help, in any way, directly or indirectly.

Interrogatory No. 34, by Mr. West.

State whether, whilst you were fund commissioner, you owed any moneys to the Morris Canal and Banking Company.

Answer.

While fund commissioner, I had, on an individual account, paper discounted to purchase and take out of market some Indiana State bonds, likely to depress the price of our stocks, as related in my reply

to 36th question. And I have at other times borrowed money of the institution at customary bank interest, but on my individual security alone, nor have I ever pledged to it any property or bonds of the State for that purpose, nor have such transactions ever had any influence to the prejudice of the interests of the State, in any transaction for or in behalf of the State with the institution.

Interrogatory No. 35, by Mr. Parker.

State to the committee if there has been any correspondence between yourself and the president of the State Bank, in reference to the bank loan of the Morris Canal and Banking Company, directly or indirectly, or any other matters growing out of your negotiations for the State as fund commissioner. If so, please give the committee a copy of the correspondence, with such explanations as may be requisite to understand the correspondence.

Answer.

A correspondence took place a year and a half ago, as referred to in the above inquiry. It did not originate with me, and in its conclusion I desired Mr. Merrill, whenever he might wish to publish his part of the correspondence, to annex my replies to it. There is nothing about the matter that I should object to being made public, but do not on the whole, at present, see any necessity for troubling the public with the subject.

Interrogatory No. 36, by Mr. Eggleston.

What was the market value of the Winchester and Potomac Railroad bonds referred to in the question No. 26, at the time of their loan to said company? What did you realize for them in transferring them for Indiana and Virginia bonds, and could or could not the commissioners have made more out of these bonds by any other transfer, than the one made by them to the Staten Island Whaling Company? What inducements were there for the commissioners to loan these bonds to the Staten Island Whaling Company, in preference to any other purchaser? Did you, or did you not, file a bond or other security, to the Staten Island Whaling Company for the transaction referred to in question No. 26?

Answer.

When the board of fund commissioners met in New York in July, 1838, I being the only commissioner remaining in office, of those who had negotiated the loan with the Cohens, and also having had the principal charge of the compromise, I was more anxious than any other member to make the property received productive to the State,

and on that account, was very desirous that the sperm-factory received of the Josephs, then lying idle, should be rented to a good tenant, and made productive, as well as more saleable.

There were also other reasons for renting it. The Josephs had paid, as I understood, one hundred dollars a year to a man to have the oversight of it while idle, and one of the men so employed had committed depredations on the fixtures and other machinery, to their damage of fifteen hundred dollars, and the same thing might again happen, if left unoccupied.

After some inquiry no other tenant offered to take it but the Staten Island Whaling Company, and from the character of the persons composing the company, the experience of their superintendent, and his having formerly had charge of the same factory, I had no hope of finding any other tenant as good.

This company however stated that having already one factory of their own, then in operation, and a whaling ship at sea, they would be unable to carry it on, unless the State would furnish a portion of the funds for that purpose, either as a partner, or on a long loan, and that if the State did not so do, they could not rent the factory. Knowing of no other opportunity, I was exceedingly desirous to devise some way by which it could be effected. We were not authorised to make the State a partner.

The State bonds, which they offered to take, my colleagues decided, and probably justly, although I then thought differently, that we had no authority to dispose of on a long loan, as they were appropriated to the public works.

The only other property which was at the disposal of the Commissioners was that received of the Josephs and Cohens in compromise, which the Board believed they had full authority by law to dispose of, in such manner as should be most for the interest of the State; and there was none of this property of sufficient amount, that could be used for that purpose, except the bonds of the Winchester and Potomac Railroad, then past due, and which, as yet, we had been unable to collect, although I had been twice to Virginia for that purpose.

These bonds, the company, being unacquainted with them, refused to take, and I saw no other way of completing the contract, which I judged exceedingly important for the State, than by individually undertaking to procure Indiana or Virginia state bonds, at par, for the Winchester and Potomac Railroad bonds, and this included considerable risk on my part. The bonds had no selling value in the New York market, being unknown. In Winchester, I should suppose, without knowing the fact to be so, they could probably have been cashed at a discount of ten per cent., and I presume at not less, as the company was, I understood, considerably in debt, and only expected means of payment from Virginia state bonds, to which they were entitled by law, but were yet unable to get; and I think these bonds, when obtained, would have been insufficient to have paid their whole debt, although of this fact I am not certain.

Our own State bonds had never been sold below par, and if I ob-

tained them, I expected to pay par for them to the State, and could, in so doing, have made nothing, had I been successful in collecting the Potomac bonds; but, had I not been able to collect them before my return home, it was my intention to sell them and convert the funds into Virginia stocks on the best terms I could; and, in that case, I should doubtless have suffered loss, while the only probable chance I then saw of any profit was, if collected seasonably, of investing it in Virginia stocks at less than par, or getting Virginia stocks of the company for less than par, as I think Virginia stocks were one or two per cent. below Indiana stocks in the New York market; and, had I so done, I believe I would most justly be entitled to any profit that arose, as I would have been subject to any loss which might have been suffered, of which there was at least as much probability as of profit, and the profit, if any made, would have been on the property of the Staten Island Whaling Company, and not on that of the State, as the Whaling Company and others had given their bonds, secured by mortgage, to the State, for these Potomac bonds, which were therefore, thenceforth entirely the property of the Whaling Company.

And that this loan was not made with a view of individual profit to myself, the circumstances of the case render sufficiently evident; and this made more so from the fact, that it was my wish to give the Company our state bonds instead of these, which would have relieved me from the necessity of taking any individual responsibility to effect the renting of the factory.

I realized par for these bonds, except a small discount on Baltimore funds, and some discount over interest on an acceptance on time.

The commissioners obtained par for them in bonds and mortgages bearing six per cent. interest, and then thought entirely safe.

In reply to the latter part of the question I would state, that when this investigation commenced, I was under the impression that the Whaling Company gave me these bonds to collect, without any security or written stipulation: a subsequent examination of memorandums, and taxing my recollection, has more satisfied me of the following fact:

After the execution and delivery of the mortgages, I delivered them Indiana five per cent. dollar bonds to the same amount as the mortgages, to hold until I furnished them others. This, of course, was at my own risk and responsibility, although done to complete a contract beneficial to the State, by renting the factory.

And here it will be proper to answer a verbal question, viz., whether I was able, at that time, to make good to the State any loss which might have accrued thereby? To which I reply, that the amount of the Potomac bonds and interest was forty-seven thousand dollars, and I had given bonds to the State, with security, to the amount of fifty thousand dollars; and that I then estimated my own property, procured by my earnings before I became commissioner, at much more than half the amount of the Potomac bonds, although it would not, probably, sell for half the amount now it would then have done, and that there was no reason to apprehend a greater loss than a sacrifice

of ten or fifteen per cent. in turning them into money or Virginia stocks.

As, however, there have been many representations on this subject, and in another question enquiring for my speculations in stocks, I think it best now to state all the dealings I have had in stocks of this or any other State, on individual account, while fund commissioner.

Some three or four months after the renting of the factory, and before I had received payment on the Potomac and Winchester bonds, an offer was made me of one hundred thousand dollars of Indiana five per cent. bonds, below par,—the lowest price the commissioners had ever then sold them,—and apprehending they might be offered still lower if not taken out of market, and thereby injure our future sales for the State, I obtained the refusal of them, and the Morris Canal and Banking Company being large holders of our bonds, and therefore interested in preventing a depression in price, I applied to them to take them out of market. They, however, refused to purchase them for cash, at the price for which they were offered, but agreed, If I could make a sale of them on credit, that they would, to facilitate the operation, discount the paper, if the security was undoubted.

Shortly after this I received an acceptance on time, on the house of Brown, of Baltimore, for the Potomac and Winchester Railroad bonds, which I got discounted at the house of Brown and Brothers, in New York, and purchased fifty of these bonds for the Staten Island Whaling Company, and, I think, exchanged them for those previously put in their possession. If not they were substituted, being of the same denomination and value; but my present belief is that they were exchanged.

There still remained fifty of the bonds offered for sale, and, by dint of several negotiations, I eventually procured for them a part in cash and the remainder in paper well secured, at about six months to run, which the Morris Canal and Banking Company, according to agreement discounted; and, with it and the cash obtained, I paid for the bonds, but in doing this, I now recollect of once, and only once, using twenty state bonds, as a collateral security a few days, while making the exchanges necessary for the different transactions, the stock being taken in different parcels; which I felt justified in doing, it being necessary to facilitate an arrangement for taking these bonds for sale out of market, and much more, as I believed, for the interest of the State than any individual profit I made to myself. And had these twenty bonds been by any means lost, myself and securities would have been abundantly responsible to the State.

In replying to the questions respecting the hypothecation of state bonds, these transactions did not occur to my mind; and although they may not be considered hypothecations in the general sense of the word, yet, as they seem somewhat to partake of that character, I feel bound fully to state them, that my answers to these questions might be modified thereby.

In these transactions I did make something individually, but without any possible prejudice to the State, as I never asked the person offer-

ing our bonds to take less than his first offer, which I paid him; and my inducement to the negotiation was chiefly for the benefit of the State—to prevent the price of her bonds from being depressed by their being hawked in market. Nor did my resale of these interfere with the sale of state bonds, for they were first exchanged for other property, and the greater part of that sold on credit; and all the negotiations for the sales were made before the purchase was closed, and the bonds were paid for from the proceeds of these sales.

And I will further add, that all I made by both these transactions was vested in the Whaling Company and lost. And I can truly say, that my investment in the Whaling Company was much more for the purpose of enabling it to pay its debt punctually to the State, than for the profit I expected for myself, and it was chiefly for that purpose; and, could the debt have been thereby paid to the State, I should never have regretted the loss.

Respecting the amount of profit: I conceive it to be an individual transaction to which I think I am not called upon to reply.

Interrogatory No. 37, by Mr. West.

Dr. Coe will state whether, while Fund Commissioner, he speculated in state bonds, coupons, &c., of Indiana, or any other State, and whether he used the funds of the State in any such speculations?

Answer.

The only individual transaction I had with the bonds or coupons of Indiana, or any other State, is related in my reply to the thirty-sixth question. I never used the funds of the State for any individual speculation of any kind.

Interrogatory No. 38, by Mr. West.

Did you or did you not sell stock to the Staten Island Bank, after you were director? How much was the stock held by you in the Staten Island Bank depreciated before you transferred it to the State? Have you received dividends on the stock held by you in the Staten Island Bank?

Answer.

I never sold any stock to the Staten Island Bank at any time; and never sold any to the Whaling Company while I was director or stockholder.

The stock held by me in the Staten Island Bank was never held as my own, but as trustee for the State; and the fact of its being held as collateral security was reported to the Legislature soon after it was received. When transferred to my successors the bank had made more money than it had then lost, consequently the stock was intrin-

sically improved in value. Its market value I do not now recollect, but think it was something under par, on account of some of the stockholders having put their stock in market from personal embarrassment. I never received any dividend on the stock in question.

Interrogatory No. 39, by Mr. West.

What amount of stock, if any, did you at any one time own, or which stood in your name, in the Morris Canal and Banking Company?

Answer.

In reply to the question, What amount of stock, if any, I at any time owned in the Morris Canal and Banking Company, I would respectfully say, that inquiries not relating to the discharge of my official duties as Fund Commissioner, but to my private business, are, I conceive, no more legitimate subjects of investigation than would be the purchase of dry goods by my colleagues, for cash or credit; or the private business of any officer of State, or any representative, while here. Nor have I ever supposed the Legislature intended that the Fund Commissioners, under heavy responsibilities, and with a compensation which would little more than clothe them, should be prohibited from attending to other business when not interfering with official duties, any more than other State officers, who were better paid.

I will freely say, however, that without in any way using the moneys of the State, or in any way, to my knowledge, conflicting with its interest, or neglecting my duties as Fund Commissioner, I did, while at the east, make some trades in stock on my individual account, and individual means, and which I was in some measure enabled to do by the extension of confidence and credit to me personally, by those with whom I became acquainted, in some of which I was successful, and in others unfortunate, resulting, on the whole, in so nearly a balance, as to offer little cause for envy or congratulation.

All, I suppose, that can be properly enquired into on this subject is, whether any private business interfered with the interests of the State, or the due discharge of the duties of the office, and whether the funds of the State were used for individual purposes; and in all these respects, I am willing to answer as fully as any one can wish. With respect to using the funds of the State, I am happy to say, that a system was adopted by the fund commissioners, at my instance, during the first meeting after obtaining a loan, by which all the funds of the State, under their control, were kept deposited in banks, and only drawn out to pay for work actually performed, or interest, or other dues from the State, and none ever placed in the hands of individuals, so that when drawn, its application would appear on the check; and this rule was extended to the Fund Commissioners as well as others. The only exceptions to this rule were, that at the instance of the Board of Internal Improvement, a definite sum was allowed to each of its members, in advance, to pay for incidental expenses; and

the individuals of our board were each allowed to draw in favor of himself, for his per diem and expenses, accounting therefor at the next annual meeting or semi-annual settlement.

These drafts and expenditures were examined by the whole board, as well as annually by a committee of the Legislature, and the accounts are still in the office, open to inspection; while the accounts of the banks from which the money was drawn, in which every check is brought into the account, are also in the office, and have been and still may be compared with the account of each Fund Commissioner; so that, if a dollar had been drawn for individual purposes, and afterwards refunded, it could be detected.

I am also gratified to be able to say, that the plan on which the accounts of the Fund Commissioners are kept, in books of double entry, which I commenced anew, and brought down from the commencement of the public works, now shews every dollar that has been received from any source, up to the time I ceased to be commissioner, and the manner in which it has been expended.

Whether I was indifferent to the interests of the State, or neglected my official duties, I hope inquiry will be made of my colleagues, and all others acquainted with the manner in which these duties have been performed.

In addition to a full share of the labor and responsibility of obtaining the loans, I performed the greater part of the laboring duty of signing coupons, of which from fifty to a hundred were attached to each bond; and I particularly recollect that one fourth of July I fixed my signature to each of ten thousand coupons, and the succeeding fourth to twelve thousand dollars. During the first year and a half after being appointed Fund Commissioner, I, in addition to other duties, performed the whole labor of keeping the books and records of the Board; and during the whole time performed nearly the whole labor of making the monthly payments for the public works, through the respective banks, involving the examination of the accounts of the several banks from which, and through which the payments were made; and conducted nearly all the correspondence with the members of the board of Internal Improvements and the several disbursing banks; And the cashiers of these banks can say whether, in arranging the terms on which these payments were made, or in any way the interests of the State, on my part, were neglected.

My whole disbursements for the State, while Fund Commissioner, were, I believe, something more than five millions of dollars; and for every dollar which has come into my hands, or been under my control, I have faithfully accounted, as the accounts in the office, open to inspection, will shew.

Interrogatory No. 40, by Mr. West.

What amount did you, at any one time, owe the Morris Canal and Banking Company? What the balance due by you to that institution

at the time your duties ceased as Fund Commissioner? and how was that balance paid?

State, also, the description of security you gave the Morris Canal and Banking Company, when you borrowed moneys of that institution, and, if personal, then state who were your indorsers or securities?

Answer.

This question relates only to my private business, and not to the discharge of my duties as Fund Commissioner, and I have already said no individual transactions with the Morris Canal and Banking Company had any influence to the prejudice of the State, or the discharge of my duties to the State as Fund Commissioner.

The only inference affecting this investigation which could be drawn from any answer I might give, would be, whether there was any motive which might influence a dishonest man to the unfaithful discharge of his duties; for whatever motives of private interest might present themselves, no honest man would, for his private interest, prejudice the interest of the State committed to his charge.

The true inquiry, to me seems, not whether any motive has been presented to a public agent to act unfaithfully; but whether he has actually so done; and, as to this fact, I care not how rigid the inquiry.

In the stocks sold them I presume no one will pretend that they have been sold lower than could have been obtained for the amounts sold, of any safe institution, or of the Morris Canal and Banking Company. Indeed, so far as my knowledge extends, the stocks of our State sold, while I was a commissioner, to the Morris Canal and Banking Company, were at a considerably higher price, proportional to their value in the European market, than the stock of any other State sold about the same time, whether sold for cash or on credit. And my colleagues can say whether, in their belief, they were not sold at the highest price that could be obtained of the Morris Canal and Banking Company or elsewhere. The only inquiry which I think will be made is, whether I sold, or was concerned with others in selling, state stocks to the Morris Canal and Banking Company when I did not believe them solvent. That this was not the case I aver, and may be inferred by others, from

1st, The capital of the company said to be paid in, in their reports, the last of which, under the oath of the cashier, as required by the Legislature, was made, I think, in January, 1839, was four millions one hundred thousand dollars.

2d, The high respectability of its Presidents and Directors: the two first Presidents during our transactions with the company being Lewis M'Lane, late Secretary of the Treasury of the United States, and Samuel L. Southard, the present Vice President of the United States.

3d, The price of its stock, in the stock market in New York, where its value was best known, and where, notwithstanding that three millions one hundred thousand dollars of its capital was invested in a

canal not supposed to be worth its cost, still I never sold bonds to it when the price its stock bore in market, if a true test of its value, would not have given the company more than two millions of dollars of clear capital, after payment of all its debts.

4th, Their punctual payment, in the whole, of more than five millions of dollars in cash, for stocks sold, and much of this at a time of great pressure in the money market.

5th, My own opinion of its solvency may be inferred from the fact, that in the fall of 1836 I purchased in market, through a stock broker, ten shares of its stock, and afterwards an additional quantity, which I continued to hold until after I ceased to be a commissioner, although so late as the last sale I made to the company, in January, 1839, I could have sold it for more than seventy dollars a share, as much was sold in market after that time, at over seventy dollars a share.

6th, My colleagues, as well as myself, believed in the solvency of the Morris Canal and Banking Company, and, when a sale of one million two hundred thousand dollars was made, the last of November, 1838, my colleagues not only cordially approved it, and signed the bonds, but actually limited me, in the sale of as much more, then required for the public works, to sell on credit only to the Morris Canal and Banking Company, the Bank of the United States, or Prime, Ward, & King; and this limitation was made, I think, just one month before my last sale to that institution; and in this or any other respect, I challenge even the most prejudiced person to shew any neglect on my part to secure any probable advantage to the State, in any transaction with the Morris Canal and Banking Company.

Having made these explanatory remarks, I am free to say, that but for an almost manifest certainty that any detailed statement I might make of my private affairs, would, if published, be perverted and misrepresented, to subserve political or private views, I suppose I should have no more hesitation as to making such an exhibit, as far as I could recollect, than others would of their private affairs being publicly canvassed.

Interrogatory No. 41, by Mr. West.

What do you know relating to a certain sum of six hundred dollars, which has been reported was shared by certain individual Fund Commissioners? State all you know respecting the transaction above alluded to; also all you have heard, which you may have any reason to believe may be true, and who the parties were who shared the same?

Answer.

I know nothing of any such transaction, except it refers to a transaction in which the Morris Canal and Banking Company undertook to get new bonds made and executed, in lieu of those already prepared, which they were to do at their own expense. In doing this, it became necessary for me to come to Indiana with the bonds, and to prevent

their loss, took a man with me. The Morris Canal and Banking Company paid me for my time and expenses, at the same rate as the State paid, and I did not charge the State. They also paid the man who came with me for time and expenses, and also, I think, Judge Hanna for his time and expenses, coming to New York. What the whole amount was I cannot say, but think not far from six hundred dollars. My account in the office for 1836 will, I think, show the deduction of my time on this account.

The committee then adjourned to meet again in the capitol, on Saturday evening, the 25th December, at 6 o'clock.

J. C. EGGLESTON, *Chairman.*

The committee met agreeably to adjournment, in the capitol, on Saturday evening the 25th, at 6 o'clock. All present.

Dr. Coe offered the following appendix to interrogatory No. 28.

In the instance referred to, I received a present not in any way connected with my official duties, or to the prejudice of the State.

At one time, when at New York, an officer of one of the branches then and there presented me with two hundred dollars, stating that he had received a premium for accepting post-notes for his branch in place of monthly payments accruing to it, which he could use as money for his branch without any loss, as they bore interest, and as the compensation we received from the State was pitiful, he had concluded to give me out of the premium two hundred dollars, and my colleagues then there two hundred dollars also. This was the only reason, stipulation, or suggestion on the subject. In the whole transaction, I had not been consulted, nor knew any thing, directly or indirectly, about it. Although satisfied the State was in no way affected by the transaction, and also knowing that the compensation (I received two dollars, I think a day) would but little more than clothe me, and pay similar expenses not charged the State, still I hesitated to receive it, although not conscious that any thing interfering with my official duties, or in any way improper was intended. I did receive it, and am free to invite the most rigid scrutiny, as to whether such transaction ever had the least possible influence over me, in any of my transactions on the part of the State, either with such officer, or the branch with which he was connected, or in any way to the prejudice of the State.

That the officer felt there was nothing wrong about it is manifest from the fact, that he stated the matter himself to the president of the State Bank.

To the verbal question of who that officer was, and who my colleague referred to, I reply, the bank officer was Mr. Lanier, and my colleague Caleb B. Smith.

Interrogatory No. 42, was then submitted to witness to be answered at next meeting, and committee adjourned to meet again on Monday evening the 27th December, in the capitol, at 6 o'clock.

J. C. EGGLESTON, *Chairman.*

In pursuance to adjournment, the committee met on Monday evening the 27th December, in the capitol, at six o'clock. All present.

Mr. Farrington submitted his replies to the following interrogatories:

Interrogatory No. 1, by Mr. West.

State, whilst you were fund commissioner, who your colleagues were; whether you or they, or either of them, violated the laws of the State, and your or their duties; whether any loans, moneys, compensation, or gratuity, were received by either of you from any bank, company, or individuals, with whom either of you had transactions, as fund commissioner, and not credited to the State, either at the time of said transactions, or since; if so, by whom and what amount; whether any profit or State funds have been appropriated to your or their use, or to either of them; if so, to whom and what amount; whether any losses, which should have been borne by either of you, had been carried to the debit of the State; if so, to what amount; whether you or your colleagues, or either of them, have sold bonds to irresponsible individuals, banks, or companies, without authority, and without the sanction of the others, and who these persons were.

In addition to the foregoing, the committee desire specially to be informed of all that relates to the transactions of Dr. Coe with the Staten Island Bank, or Whaling Company, and the loss thereby, whilst he was a director, or about the time he held that office; together with the probable or certain gain to himself, if any there was; also as to any influence the Morris Canal and Banking Company exercised over Dr. Coe, whilst acting as fund commissioner, and your information of the cause of that influence.

State fully, and particularly, all you know, and also all you have been informed of, directly and indirectly, which you have any reason to believe to be true, relating to the foregoing.

State also, whether either of the fund commissioners speculated in state bonds of any of the States, and the probable profit thereon. Also specially as to transactions with certain free banks of New York, and whether Dr. Coe did have the sanction of his colleagues in those transactions.

The answer of James Farrington to the several interrogatories propounded to him by the investigating committee of the Senate.

Interrogatory No. 1.

State whilst you were fund commissioner, who your colleagues were.

Answer.

Isaac Coe and Caleb B. Smith.

Interrogatory No. 2.

Whether you or they or either of them violated the laws of the State and your or their duties.

Answer.

In reply to this interrogatory, so far as it relates to myself, I can say that I am not conscious of having violated the laws of the State, or my duties as fund commissioner, during my continuance in office, but I presume it will be more acceptable to the committee to know the acts of myself and colleagues, whilst acting as fund commissioners, than my opinion whether they or myself violated the laws of the State or their or my duties. I will therefore state for the information of the committee, the transactions of myself and colleagues as far as they are within my knowledge and recollection.

On the 23d of April, 1838, I received the appointment of fund commissioner, and being advised of the necessity of repairing to the city of New York, to join my colleagues at as early a day as practicable, I left Terre Haute on or about the third of May, and arrived in New York on or about the 12th of the same month. At the first meeting of the board, (both my colleagues being present) on the 16th day of May, Dr. Coe, to whom had been delegated the authority by the board, of making a compromise and final settlement of the claim against the Messrs. Cohens and Jcsephs, reported the compromise he had effected with them, previous to the 1st of May, 1838, the particulars of which compromise are the same as stated in the annual report of the fund commissioners to the legislature, on the 18th Dec. 1838. A part of the compromise property as stated in the last mentioned report, consisted of a sperm and candle manufactory with its fixtures, situated on a part of the Brooklyn property, calculated for carrying on the business on an extensive scale, and the improvements estimated as worth about thirty thousand dollars. At the time the property was taken possession of by the board, it was in a rapid state of waste and decay, not having been occupied for the last two years. After endeavoring in vain to find a person or company, to whom the premises might be

leased, the principal difficulty being the want of a sufficient amount of capital to carry on the business advantageously in the establishment as it was constructed, and ascertaining that a sale could not be effected without an almost entire sacrifice of the property, the board agreed with John H. Smith and the Staten Island Whaling Company, on the 22d May, 1838, to lease them the said property for a term of five years from the 1st Aug. 1838, at five thousand dollars per annum, payable semi-annually, 1st January and 1st July; improvements to be made on the premises by the lessees—not exceeding four thousand five hundred dollars, two-thirds of which was to be paid by the state, out of the rents; taxes to be paid by lessees—assessments for improvements by the State; and as an inducement and part consideration of the Staten Island Whaling Company leasing said property, the board agreed to loan them fifty-two thousand dollars, to consist of the bonds of the Potomac and Winchester Railroad, received from the Cohens, amounting, principal and interest, to \$47,080, the same being due, and payment not to be had—and the residue of the fifty-two thousand dollars to be paid out of funds that had been received from the Cohens. The said loan to be secured by bonds and mortgages on real estate, to be given by the Staten Island Whaling Company. On the same day the following preamble and resolution were adopted by the board:

“The oil and candle manufactory in Brooklyn, belonging to the State, being now wholly unproductive, and the board being of opinion that the value of the property would be greatly improved, and that it would be much more saleable if occupied and used for manufacturing purposes, and being also satisfied from extensive inquiry that it cannot be rented at this time without an advance of capital to carry on the business, deem it highly conducive to the interest of the State to make the advance above specified, in order to get the property into good hands, who will place it in a suitable condition, and will also pay a rent of five thousand dollars a year.

And inasmuch as the lessees of the Brooklyn property are not willing to lease the property unless the amount advanced them be in money or state stocks, and the board not feeling authorised to sell the stocks of the State, either on a credit of five years, or for the property given by us in the previous resolution, Isaac Coe, one of the board, consents at his own risk and responsibility, to convert said property into state stocks for said company, on condition this board, should he fail to procure other stocks, authorise him to sell that amount of our stocks at par, payable 1st Dec. next, therefore,

Resolved, That Isaac Coe be authorised to sell fifty-two thousand dollars of Indiana state bonds, interest and principal payable in New York, at par; provided at his own risk, he takes such security therefor as will secure the payment of the same with the interest which may have accrued on the bonds to the State, on or before the 1st Dec. next. James Farrington dissenting from the last resolution.”

My reasons for dissenting from the foregoing, were my unwillingness to make a further expenditure on account of the Cohen's debt; and I also regarded it as impolitic, and pernicious as a precedent, for a

member of the board to assume upon himself an individual responsibility connected with the operations of the board, and also on the part of the board to delegate such a power to one of its members.

At the time of making this contract, the lessees were unwilling to give more than four thousand dollars per annum, rent. Dr. Coe agreed that from the means afforded them by the State, they ought to pay five thousand dollars yearly; and as an inducement for them to do so, agreed with them to pay, himself individually, one-fourth part of the rent, or one thousand dollars annually to them, if they would after the payment of the expenses of the superintendent of the manufactory, pay him one-third part of the profits of the company annually, he having the right of transferring the benefit of this agreement to the State. This was acceded to by the lessees, and was the means of obtaining for the State one thousand dollars more of an annual rent in the contract, than otherwise could have been obtained. This individual stipulation on the part of Dr. Coe, was contrary to the advice of his colleagues, and was by the board, in making the lease, in no manner recognised, as any part of their agreement. And I will here add that afterwards, and when the annual report of the board was made to the next legislature, Dr. Coe was desirous of tendering the benefit of this contract to the State, but not regarding it as properly forming a part of an official communication from the board to the legislature, Mr. Smith and myself were unwilling it should form a part of the report.

Agreeably to the contract made with the Staten Island Whaling Company, they delivered to the board a bond and mortgage of Hougwout dated the 2d July, 1838, for		\$28,000
The bond and mortgage of Swaim, dated 2d July, 1838, for		4,000
The Staten Island Whaling Company, dated 30th June, 1838, for - - - - -		20,000
		<hr/>
		\$52,000

These bonds and mortgages were payable the 1st July, 1843, bearing an interest of six per cent. payable semi-annually. The mortgages of Hougwout and Swaim were on unincumbered real estate, and the mortgage of the Staten Island Whaling Company was also on unincumbered real estate, including their sperm factory and fixtures, and on the latter was a policy of insurance which was also mortgaged to the State. The property embraced by these mortgages was, at the time, from the best information to be had after diligent inquiry, deemed an ample security for the payment of the sums for which they were respectively taken. The mortgages of Swaim and Hougwout were also guarantied by the Staten Island Whaling Company. The members composing the company and the persons giving the mortgages were reputed safe business men, generally with moderate property, some of them wealthy. These mortgages when delivered to the board were deposited as usual in the office of the board, of which Dr. Coe had charge. The board, on the 13th July, delivered to the Staten Island

Whaling Company, in pursuance of the agreement, forty-four thousand dollars of the Winchester and Potomac bonds, dated the 1st May, 1835, payable in three years from date, with six per cent. interest, payable semi-annually—on which the interest from the 1st May to the 1st July, 1838 was due, being three thousand and eighty dollars; also a draft on the Morris Canal and Banking Company, for four thousand nine hundred and twenty dollars, with interest at five per cent. from 1st July, 1838, till paid.

The board after their arrival in New York, endeavored without success to negotiate a sale of state bonds, owing to the great pressure in the money market, entered into an agreement on the 24th May, 1838, with the Morris Canal and Banking Company, to deliver to them for sale in the London market one million of five per cent. dollar bonds, principal payable in twenty-five years from 1st July last, principal and interest payable semi-annually on the 1st January and 1st July, both payable on the following terms, viz: To allow the company half of one per cent. and half the premium (deducting the per cent.) for their agency, and the guaranty of the London house through whom the negotiation should be effected, the board to pay the London commission and brokerage, which was not to exceed one-fourth per cent. The company to advance eighty per cent. or eight hundred thousand dollars on said bonds, viz: one hundred thousand dollars on the 1st July next, and so on monthly until the 1st October, when two hundred thousand dollars was to be advanced, and so on monthly until the eight hundred thousand dollars was paid; to allow the current rate of exchange as each monthly payment should be made, to charge five per cent. interest on advances and allow five per cent. on deposits. The company to hold the stock from sale if not sold at the limits prescribed by the board, for twelve months in London after said advances were made, and if a larger advance could be obtained in London to allow the same. When the stock was sold in London, and the proceeds realized in part or in whole, the company was to pay over the same, less their commission, on or after the instalments became due.

On the 11th of June, the board sold forty thousand dollars of the same description of bonds as the last, to the Staten Island Whaling Company, at par, payable ten thousand dollars in November, 1838, and a like sum monthly thereafter, with six per cent. interest. The company's notes endorsed by seven of the directors of the company individually, were taken. These were paid.

The board having continued their exertions to effect negotiations for the sale of our stocks with those who were operating in stocks on foreign account, without being able to effect a sale at more than ninety cents to the dollar for the five per cent. dollar bonds, and the European market, as well as that of New York being on the decline, as to stocks generally, and being advised from the best informed sources, that in the European market, sterling bonds could be more readily and advantageously disposed of, taking into the account the difference in the exchange, than the dollar bonds, they came to the determination of sending to Europe for sale, some five per cent. ster-

ling bonds—the principal and interest payable in London; and accordingly, on the 21st of June, 1838, the board, in lieu of their agreement of the 24th of May last, with the Morris Canal and Banking Company, agreed to consign to said company for sale, one million of dollars of sterling five per cent. bonds, principal and interest, payable at the house of N. M. Rothschilds & Sons, in London, principal payable in twenty-five years, interest semi-annually on the 1st days of January and July, on the following terms:

1st. To pay them one-half per cent. commission on sales, and the brokerage they should actually pay, not exceeding one-fourth per cent.

2d. To allow them one-half per cent for advances, and five per cent. interest, and should the advances not be repaid in eight months from the time made, by the sale of bonds at the prescribed limits, the bonds to be sold at the market price if not less than ninety per cent., to an amount sufficient to cover advances, interest, commissions, and brokerage, and if sales could not be effected, on six months' notice thereof, the amount advanced to be paid.

3d. The company to receive and negotiate said bonds on account of the State, in London and other parts of Europe, to the best advantage, within limits prescribed them in the following terms:

1st. To advance, if *required*, eighty per cent. or \$80,000 in monthly instalments of \$100,000, on the first of July next, and so on to the first of October next, when \$200,000 is to be advanced, and so on monthly.

2d. On the sale of said bonds in whole or in part, and the proceeds realized, to pay over the same, less the commission, or after the instalments become due, as shall be required.

3d. To allow five per cent. interest on balances remaining in their hands, and the current rate of exchange at the time of each advance or payment.

4th. That the bonds shall be held from sale, if not disposed of within the limits prescribed, for eight months in London or Europe, after the advances are made, and if a longer advance can be obtained in London, the benefit of the same to be allowed the State.

5th. The sales of said bonds in Europe, being on the account and risk of said State, and to be negotiated through the house of N. M. Rothschilds & Son, otherwise, at the risk of the Morris Canal and Banking Company.

In making this change in the contract with the Morris Canal and Banking Company, not only was a more speedy and favourable sale of our bonds expected to be realized, but the charges of the negotiation were lessened, and with the view of not being dependant on the New York market in our future sales or negotiations, and to establish a permanent agency with a responsible house, for the disposal of our stocks for years to come, and to be enabled to realize advances in seasons of unusual pressure in the financial world, when sales could not be made at fair rates. The board, on the same day that they made the afore-said agreement with the Morris Canal and Banking Company, made

the following agreement with N. M. Rothschilds & Sons of London, by their agent, August Belmont.

The said commissioners agree to pay them, on the sale or repurchase of the State's bonds, one half per cent. commission, and the brokerage they shall actually pay, (which is understood to be generally at one eighth, but never to exceed one fourth per cent.,) and for the payment of the interest and the redemption of the bonds when due, to pay them one half of one per cent. commission, and furnish the necessary funds at the banking house of said Rothschilds and Sons, in the city of London—to pay them one half of one per cent. commission on advancements made on the State's bonds, beyond the amount of funds on hand at the time of acceptance, and if any advances are not repaid at the expiration of six months, from the payment, viz., the maturity of the acceptances, the said Rothschilds & Sons may sell, at the market price, a sufficient amount of the bonds to cover the advances and commission; and, should the proceeds of the bonds sold be insufficient to pay the advances and commission, they will account for any balance that may remain, and that they will not send the State's bonds to Europe for sale at lower prices than those limited to the said Rothschilds & Sons.

And the said Rothschilds & Sons, by their agent, agree that they will use their exertions to sell the bonds of the State to the best advantage, in London and other parts of Europe, within the limits prescribed, to pay the interest on the bonds as it becomes due, to advance, when required, eighty per cent. on the amount of the State's bonds conveyed to them, bearing an interest of five per cent., the principal and interest payable at the banking house of said Rothschilds & Sons, in the city of London; the amount of consignments in any one year not to exceed two and a half millions of dollars; the advances bearing an interest of five per cent.; to allow four per cent. interest for balances on hand, retaining the right of limiting the period of paying this rate of interest to four or six months; to make remittances of advances or proceeds of sales as advised. In making remittances no additional commission will be charged, nor will brokerage in any case be charged, when not paid for by them. At the expiration of one year each party may terminate this agreement, so far as relates to advances, upon giving the other six months' previous notice.

This agreement was transmitted to London by the board, for the ratification of the said Rothschilds, and was by them approved.

On the sixth day of July, 1838, the board sold to the Western Bank of New York and the Western Bank of New York at Rochester, three hundred dollars of five per cent. dollar bonds, of the description of those sold the Staten Island Company, at par, payable, fifty thousand dollars on the first day of January, 1839, and the like sum monthly thereafter, with five per cent interest, for the payment of which the said banks gave their bond, in the sum of six hundred thousand dollars, and the Georgia Lumber Company also gave their bond for the same amount, accompanied by mortgage on their lands in Georgia,

amounting to 306,900 acres, situated in the counties of Telfar, Pulask, Laurens, and Montgomery, to secure the payment of the same. The purchasers exhibited with their evidences of a chain of title to the lands and of their freedom from incumbrances, a certificate of the value and description of these lands, as they are situated in the different counties; also of the description and value of the improvements thereon; the latter estimated at two hundred thousand dollars, and the value of the lands and improvements at over one million of dollars; and I am quite positive it was sworn to by three persons, who described themselves, one as the sheriff, another as the clerk of the supreme court, and the last as one of the justices of the inferior court of said county of Telfar. They also exhibited a copy, certified as true, by the Secretary of State, under the seal of the State, of the act of the State of Georgia incorporating said company, one of the provisions of which is, that the members of the said company are liable in their individual capacity, for the contracts of the company. A list of persons who were members of the company at the time was likewise furnished, embracing some thirty-five persons, several of whom, from enquiry, were ascertained to be men of known wealth and respectability, residing principally in Main, Massachusetts, and New York.

This Georgia Lumber Company was a party in interest in these banks, of which Elisha B. Strong, of the city of New York, and formerly of Rochester, was president, and A. M. Schamerhorn, of New York, was cashier of the bank at New York, and Frederick Whitelsey was President and Jamison B. Jenett was cashier of the Bank of Western New York, Rochester. Previous to this contract being entered into, references were given as to the character, &c., of these parties, to three persons of known character and standing then in the city, two of whom I have forgotten; the other was Gov. Seward, of New York. Dr. Coe and myself called upon him and the other gentlemen, and received from him and them their views as to these men, particularly as to Strong and Schamerhorn, which were entirely satisfactory as to their standing and means. These last, I well recollect, were represented as men whom they believed would enter into no engagement they did not in good faith, mean to perform. Under these circumstances, giving credence to the character of these parties as made known to us, and relying upon the evidences exhibited of the title and value of the lands and improvements, and regarding the securities as ample in almost any contingency, I was induced to yield my objections to this negociation, (as I had, for like reasons, in the sale of the forty thousand dollars to the Staten Island Company,) as being made with associations organized under the late banking law of New York, and join my colleagues in making this sale. On the delivery of the bonds of the State, on this contract, the securities were left in charge of Dr. Coe, at New York. Of the invalidity of any of the papers exhibited at the time of the ratification of this sale, or that the mortgages did not embrace the land upon which the improvements, as described in the certificate of valuation, are situated, nothing transpired to bring the facts, if such is the case, to the knowledge of my-

self, nor do I believe, to either of the members of the board during our continuance in office. And if the land contained in the mortgage does not include those upon which the improvements of the company are made, it is owing to the fraudulent representations of the parties at the time.

On the twenty-first July the board paid off the mortgage on some four acres of land in Poughkeepsie, New York, part of the Cohen's compromise, after an examination of the premises, and obtaining the best information we could avail ourselves of as to its then present and probable future value; the amount paid being six thousand eight hundred dollars. The mortgage on the other tract in the same city, and also a part of the compromise property, was not considered worth redeeming. And on the first of August the board ordered the mortgage on the property in the city of Brooklyn, New York, paid off as soon as convenient, for the interest of the State, in consequence of these mortgages drawing a higher rate of interest than the State was paying on her bonds.

There being no necessity for a majority of the members of the board to continue longer at the east, Mr. Smith having left early in July, I left New York on the third of August. Dr. Coe remained in New York, and the board did not meet again until the eleventh of December, at Indianapolis. In the mean while there had been no improvement in the foreign or home market for state stocks. The Morris Canal had sent to the Rothschilds, London, a part of the sterling bonds delivered on the last contract, to be sold under the agreement subsisting between the board and the Rothschilds, before mentioned. The bonds were forwarded to London in June, the limit prescribed, before which they were not to be sold. The Rothschilds, on receipt of the bonds, advised us of what might be regarded as defects in them, and might injure the sale: viz., being post dated the first of July, the bonds having been received by them the last of June; that the first of July was the sabbath; and that the place for the payment of the principal was not sufficiently certain,—that it might be doubtful whether it was payable in New York or London. Our dollar bonds having been long known and negotiated by the Rothschilds, and no objection having been made by them that there was not sufficient certainty whether the principal and interest were payable in New York, and there being no change in the form of the sterling bonds from that of the dollar bonds, other than to substitute the words "pounds sterling" for "dollars," and "London" for "New York," where it occurred, and "the house of N. M. Rothschilds and Sons" instead of "the Morris Canal and Banking Company;" as to where payable, it was thought much weight could not be attached to the objection by themselves. The bonds were dated the first of July, as all our bonds are dated first July; and as they were consigned for sale, and had not been sold previously, it was not to be expected they would be offered for sale before that date. Their arrival in London before that time was owing to the rapid passage of the steam ship. That the first of July fell on the sabbath would form no legal objection to the bond. Yet, to

obviate these objections, whether valid or not, we offered guaranties to each bond, or new sterling bonds, made conformable to their wishes; and, the latter being preferred by them, new bonds were executed and sent to London, to be substituted for the informal ones early in the following year; assurances being given that this would be done was satisfactory to them in the mean time. When these difficulties were removed, or assurances were given to that effect, they still excepted to our exercise of the right of prescribing the limits for the sale of the bonds, and requiring advances to be made, according to the express terms of the agreement with them, insisting upon our giving them a full discretionary power. This we were not willing to do; and, learning from authentic sources, that our stocks were not in favor with them, and having declined receiving consignments upon the terms agreed on; and intimations having been given, through their agent, that they might not attend to the payment of our interest, it became necessary to make some other arrangements for the sale of our stocks, than through the Rothschilds and also for the payment of our interest in London, in case they should refuse doing so; and accordingly, negotiations were sought to be made through the United States Bank, for the sale of two millions of dollars, and also for employing their agency in London. They declined purchasing or making advances, and their commissions for sales and interest payments being less favorable than had been previously contracted for with others, no arrangement was made with them. Nor did the efforts of the Board stop here. Inquiries were made for other houses in London, of known standing, through whom we might operate, and a correspondence was opened with two of them, which, however, did not result in procuring terms deemed sufficiently advantageous.

On the assembling of the board at Indianapolis, in December, Dr. Coe reported having made a sale to the Morris Canal & Banking Company; a sale of the sterling 5 per cent. bonds for \$1,000,000 at par, being the same that had been consigned them for sale; also, a conditional sale of like bonds to the same institution for \$1,000,000 at par, subject to their confirmation on the 1st January, and a sale to the same of \$200,000 of 5 per cent. dollar bonds, at 90 cents to the dollar, subject to the approval of the board of internal improvement; which negotiations were confirmed. He also at the same time, reported as sold by him on the 24th October, to the Erie County Bank, New York, \$100,000 of 5 per cent. dollar bonds at par, payable by drafts of the Bank, on New York; \$20,000 1st May next, and a like sum each succeeding month until paid, with 5 per cent. interest, payment secured by \$100,000 bonds and mortgages, prepared under the New York banking law; and on the same day to the Detroit and Pontiac Railroad Company \$100,000 of like bonds, to be paid by similar drafts of said company, guarantied by the old bank of Michigan and the Exchange Bank, Buffalo; and on the 16th November, to the Staten Island Whaling Company, \$60,000 of like bonds, payable in nine, ten, eleven and twelve months, consisting of the bonds of the company, endorsed by seven directors, individually, with \$60,000 of the stock of the

Staten Island Bank at par, then. These three last sales were also confirmed by the board on the 11th December, under the following circumstances: On the eve of my leaving New York, the 3d or 4th August, Dr. Coe enquired of me what instructions I would leave with him for my negotiating further sales of state bonds, when I informed him I would give my assent to any sales he might make to the agent of Rothschilds, Morris Canal & Banking Company, American Life, Insurance & Trust Company, or Prime, Ward & King, to the amount of \$1,200,000, a part to be retained in escrow and other security taken, but that before any sales were made to the new banks under the late law of New York, a majority of the board must pass upon it, and I was to leave these in writing with him, but being otherwise engaged until the last moment of my leaving New York, I deferred doing so, until my arrival at Baltimore, where I wrote him to that effect. A copy of that letter I did not take, but by Dr. Coe's letter to me of the 8th August in reply, the authority I gave him is stated; a copy of that letter is hereto appended, marked A. It is proper to state that the first paragraph relates to remittances made to pay the instalments on the Baltimore and Ohio railroad stock owned by the State. I also, at Dr. Coe's request, communicated my views to Mr. Smith upon my arrival at Indianapolis, on the 14th August, having commenced the letter at Richmond, the rough draft of which letter I have. It is not a literal copy of the one sent, but contains in substance my views, and is hereto annexed, marked B. Mr. Smith, under date 19th August, 1838, wrote me in reply, upon this subject, a copy of which, marked C. is hereto attached. Dr. Coe, under date 27th October, 1838, at New York, advised me by letter, postmarked 29th, of these sales, and that he had contracted to deliver the bonds on the 15th November. This letter was answered on the 10th, without approving the sales, and they remained without confirmation, until the meeting of the board, when the matter was by Mr. Smith and myself held for some time under advisement. We were, neither of us, willing to ratify them, and without hesitation they would have been rejected, but that the bonds had been delivered. But reflecting that the danger to be apprehended from these institutions had already been incurred, and the difficulties attendant upon repossessing ourselves of the bonds, if these associations were not responsible, and the effect such a proceeding would be likely to have upon the character and credit of the State, the board, most reluctantly came to the conclusion that it was most advisable the sales should be confirmed, and accordingly they were, by Mr. Smith and myself. It is due to Dr. Coe, to say that no sinister motive was attributed to him in making these operations. My impressions were that he reposed too much confidence in these associations, and that his solicitude to make the most advantageous sales for the State, as to price, led him often times to incur too great hazard. The price given by these banks being par, was at least 10 per cent. above the market value of our bonds, and consequently, was that much clear gain to the State, when the contracts were complied with; and in the same light, I viewed his making himself responsible for the payment of a

part of the rent of the lease to the Staten Island Whaling Company, as heretofore stated.

Dr. Coe also, at the same meeting, presented an account of disbursements made by him on account of the property received on the compromise property, being the same as reported by the board to the Legislature on 18th December, 1838. It is proper to state that by a regulation of the board of fund commissioners, prior to my coming into office, one of its members was to have the charge of the office, papers, &c.; to attend to the receipts and the disbursements thereof, and keep the accounts. That Dr. Coe was then selected for that purpose, and continued to discharge that part of the duties, during my time of service.

The board continued its sessions at Indianapolis until the 19th of December, when Dr. Coe returned to New York, having in charge the bonds that had been prepared at that time by the board.

Being advised that the Morris Canal & Banking Company had declined taking the \$1,000,000 conditionally sold them, and which they had until the 1st January, 1839, to decide upon, and it becoming necessary that further provision by a sale of bonds should be immediately made, to meet the requisitions of the board of internal improvement the board consisting of Mr. Smith and myself, deemed it necessary that I should proceed immediately to New York, and join Dr. Coe, that a further sale should be made if practicable; I accordingly left Indianapolis on the January, and arrived in New York on or about the 25th. The board met, consisting of Dr. Coe, and myself, on the 28th January, when Dr. Coe reported a sale made by him on the 18th January, to the Morris Canal & Banking Company of \$800,000 sterling 5 per cent. bonds, running twenty-five years, interest from 1st January at par,

Payable on the 1st April	\$70,000
“ 1st May	100,000
“ 1st June	60,000
“ 1st July	300,000
“ 1st August	200,000
“ 1st September	70,000
	<hr/>
	\$800,000

With interest from 1st April.

Also to the same institution, at the same date, of 5 per cent. dollar bonds 400,000 payable in twenty-five and within fifty years, interest from 1st January at 90 per cent., to be paid

1st September, 1839	\$20,000
1st October, “	90,000
1st November, “	120,000
1st December, “	50,000
1st January, 1840	80,000
	<hr/>
	\$360,000

With interest from 1st April; which sales were confirmed.

Having stated the circumstances and considerations connected with the other companies, and which governed the board in contracting with them, it may not be irrelevant to state the reasons that influenced myself and my associates, as made known to me, in these transactions with the Morris Canal & Banking Company. In doing so it is necessary I should premise, that the purchases of state stocks in the New York market are generally made with a view to a resale in Europe. This is true perhaps of nine tenths of the state stocks annually sold, if those are excepted that have been bought to be placed in the new banking institutions, under the late banking law of New York. There is not spare capital, nor has there been in this country, seeking such investments, to take up a larger proportion than this, of the amount offered annually for sale. The consequence is, that those who deal in stocks require time for the operation until they resell. Hence the credit that is required and given in large sales of state stocks. In proportion to the amount is the credit short or extended. In effect the purchaser does but a commission business; the only difference being that instead of paying when he sells, he stipulates for a time, within which, he can make a sale. The difference between the prices of stocks in this country, and when resold in Europe, varying very little if any, from the exchange and regular charge on the negotiation of a sale; this being the case, the seller cannot rely upon the capital of the house he deals with, as his security. More than on this must he depend upon the capital of character to make good the operation. The same principle obtains in this transaction, that guards the Legislature, when it requires of a fund commissioner a bond of \$50,000 to insure the performance of his trust, and at the same time places millions in his power to dispose of. This company has had some of the most distinguished men of this country to preside over its operations, and the board of directors for the last four years, and up to the time of these sales, collectively and individually, have generally been among the most respectable and intelligent business men of New York. Whilst the stock of the company has ranged low in value from the first, it has of late years negotiated some millions annually, and from the State of Indiana within the last two years and up to the date of these sales had she purchased and paid for \$3,200,000 of her bonds, and up to the month of January, 1839, the date of the last sale made whilst I was in office, it had in no instance, within my knowledge, failed in its payments, but had frequently made advances to the State beyond the amount due by the contract. These considerations, with the known fact that the bank of the United States at Philadelphia (then in public estimation, perhaps the highest in credit of any moneyed institution in the country) had a large interest in this company amounting, if I recollect rightly, by the exhibit made by it, to over \$900,000, led me to place confidence in the Morris Canal & Banking Company, and when, after trying in vain, to obtain from other institutions and companies terms equally advantageous as those offered by this company, I did not hesitate in sanctioning it. But for the revulsion that has taken place in the financial world, im-

pairing, and in many instances prostrating the credit of all state stocks, as well as the moneyed institutions of the country, I still think, the Morris Canal & Banking Company would, as she had hitherto done, have continued to fulfil, in good faith, her engagements to the State.

The board also, at the same meeting, ordered that, \$1,000,000 sterling bonds should be prepared to send out to London, to be exchanged for the informal bonds forwarded to London by the Morris Canal and Banking Company, in June preceding. On the 25th February, 1839, the board delivered the Morris Canal and Banking Company, 400 sterling bonds of £225; and on the same month, 400 more; the house at which the principal and interest were to be paid, being left blank, accompanied by a letter to Messrs Palmer, M'Culloh, Dent & Co., of London, authorising them to fill the blank, in case the Messrs. Rothschilds and Sons, should be acting for the State, as had been intimated, &c.

By a resolution of the board, Dr. Coe, was to take charge of and close the business of the present board, and deliver our successors whatever of right belonged to them, and take a voucher therefor; the powers of the old board terminating on that day, and the new Fund Commissioners not being present.

The foregoing constitute the principal and more important acts of myself and colleagues, in our operations as Fund Commissioners, those of minor consideration are to be found on the minutes and files of the board.

Interrogatory No. 3.

Whether any loan, moneys, compensation or gratuity, were received by either of you from any bank, company, or individuals with whom either of you had transactions as Fund Commissioner, and not credited the State, either at the time of said transactions or since, and if so, by whom, and to what amount?

Answer.

I know of none such being given to, or received by the said Fund Commissioners, or either of them, from any bank, companies, or individuals with whom the Fund Commissioners, or either of them had any negotiations for the sale of state bonds, or other state securities, either at the time, before or since said transactions.

Interrogatory No. 4.

Whether any profit on state funds have been appropriated to your or their use, or to either of them, and if so, to whom and what amount?

Answer.

I have no knowledge of any thing of the kind, either on the part of myself or either of my colleagues.

Interrogatory No. 5.

Whether any losses, which should have been borne by either of you, have been carried to the debit of the State, if so, to what amount?

Answer.

I do not know of any such losses, by myself or either of my colleagues, unless they are found to exist in some of the several transactions of all or each of us, as set forth in my answer to the 2d part of interrogatory.

Interrogatory No. 6.

Whether you or your colleagues, or either of them, have sold bonds to irresponsible individuals, banks, or companies, without authority, and without the sanction of the others, and who these persons are?

Answer.

The facts stated in my reply to the 2d int., touching the sales to the Erie County Bank, Pontiac Railroad Company, and the Staten Island Company, is all the information I have.

Interrogatory No. 7.

Expressing the desire of the committee to be especially informed of all that relates to the transactions of Dr. Coe, with the Staten Island Bank, or Whaling Company, and of the loss thereby, whilst he was a director, or about the time he held that office, together with the probable or certain gain to himself, if any there was, and of any influence the Morris Canal and Banking Company, exercised over Dr. Coe, whilst acting as Fund Commissioner, and your information of the causes of that influence, and to state fully and particularly all you know, and all you have been informed of directly or indirectly, which you have any reason to believe may be true in relation to the foregoing?

Answer.

In connexion with the information stated in my reply to 2d interrogatory, touching Dr. Coe's interest in the Staten Island Whaling

Company, I have no other information up to my return, I think to New York, in the winter of 1839, when the Dr. stated to me, I think, in the month of February, of his being a stockholder in the Whaling Company. Of the amount of his interest he did not state. I think he then represented the affairs of the company prosperous. He also stated to me, about the same time, that he had without his previous knowledge, been elected a director of the Staten Island Bank, and that the reason assigned to him for their doing so, was, that as Indiana was interested in knowing that the operations of the bank, were prudently and safely conducted, the directory had invited him to take a seat at their board, and that he had done so, the better to protect the interest of the State. He did not state, nor had I any knowledge of his holding stock in the bank. At that time he said the bank was prudently managed, and doing a fair business. He also informed me, but at what time I cannot recollect, that he had been enabled to effect a negotiation of the Potomac and Winchester Railroad bonds for the Staten Island Whaling Company; and that he had made something handsome by the operation, the amount he did not state, nor have I any knowledge. I have no knowledge of the loss or gain of the Staten Island Bank, or of the Whaling Company, other than hearsay, common report, and the report of the present Fund Commissioner, that both of these bodies had failed; excepting in all my answers the developments made during the progress of the present investigation, I have no knowledge of any influence exercised by the Morris Canal over Dr. Coe, whilst acting as Fund Commissioner, nor did I suspect from ought that occurred during the time I was associated with him as Fund Commissioner, that he was connected in any way with that institution, or had transactions with it, other than those strictly within the range of his duties as Fund Commissioner.

Interrogatory No. 8.

State whether any of the Fund Commissioners speculated in state bonds of any of the States, and the probable profits thereof?

Answer.

During the time I was at New York, in the winter of 1839, Dr. Coe, informed me of an operation he had made in the purchase and sale of some lands, mortgages, and state stocks, by which he made \$10,000, the particulars of this I cannot remember; my impression is, he was negotiating for third persons, and he was to have what he could make, if he could obtain such a description of stock which was wanted; in this impression I may err, for I cannot be positive. I did not, from what passed between us, entertain the idea that he was, or had been, using the funds of the State. At the time of his mentioning this matter to me, he asked me if I regarded it as improper in any way, and my reply to him was, if he did not use the funds of the State

for the purpose, it was his right to do so, but that I considered it impolitic, and calculated to subject him to the most unfavorable imputations, that the public could not distinguish between his acts as Fund Commissioner and those of Dr. Coe, individually, in these matters. He further stated to me, about the same time, that he was authorised to sell \$75,000 of the Indiana five per cent bonds. I think it was for the Staten Island Whaling Company. This was elicited by some enquiry after our stocks, after our sales had been made. I knew of no sale of the same. Some length of time after the Dr. was out of office, I cannot recollect when, he stated to me that the amount he had made, by the above operations, viz: \$10,000, he had put into the Staten Island Whaling Company, and that he had lost it all. I know nothing of any speculations in any of the bonds of the State, on the part of my associate Mr. Smith, and as to myself, I have made none directly, or indirectly.

Interrogatory No. 9.

Also especially as to any transactions with certain free banks of New York, and whether Dr. Coe did have the sanction of his colleagues to these transactions?

Answer.

This is fully answered by my reply to interrogatory No. 2.

Interrogatory No. 2, by Mr. Eggleston.

Could you have sold the Winchester and Potomac Railroad bonds for a higher rate than what you got for them from the Staten Island Whaling Company at the time of sale?

Answer.

We could not. They were just due, and if sold in the New York market, would, at that time, have been sold at a heavy discount. They were sold at their face to the Staten Island Whaling Company.

Interrogatory No. 3.

Wen the other commissioners had returned home, in 1838, was Dr. Coe expected to negotiate loans if an opportunity occurred; and was the necessity of so doing greatly increased after his colleagues had returned home, from the failure of the arrangements with the Rothschilds; and, was the sale to the Morris Canal and Banking Company satisfactory to his colleagues?

Answer.

In my reply to the second interrogatory I have stated the extent of the authority given Dr. Coe to negotiate loans. No other instructions were given, to my knowledge. The sale to the Morris Canal, made by him, was satisfactory to his colleagues, having been made in conformity with the authority given him as aforesaid. It was very difficult to effect sales at the limits prescribed, and it was very desirable to effect sales, if it could be done, to responsible parties; and the necessity for sales was increased when the arrangement for the future disposal of our bonds, through the Rothschilds, was likely to be defeated.

Interrogatory No. 4.

When objections were made to confirming the sales to the Pontiac Railroad Company, the Staten Island Whaling Company, and Erie County Bank, did Dr. Coe offer to take the responsibility of these sales on himself individually, if he was allowed to take the bonds sold them at the market price; and had he not sold them ten per cent. higher than (by) other sales could be made.

Answer.

Dr. Coe, did, as stated in this interrogatory, make that proposition to his colleagues, but they could not regard themselves as authorised to accede to it. I have before stated, that the prices at which these bonds have been sold were ten per cent. higher than sales could be made, unless to or for the new banks.

Interrogatory No. 5.

State whether, in your previous answer, you designed to convey the impression that you dissented from the arrangement made by the Board of Fund Commissioners with the Staten Island Whaling Company, to loan to that company the bonds of the Winchester and Potomac Railroad Company and other funds derived from the Cohen compromise, to the amount of fifty-two thousand dollars; or whether you only dissented from the order of the board authorising Dr. Coe to sell fifty-two thousand dollars of state bonds at par? State whether Dr. Coe ever carried out said order from which you dissented, by the sale of fifty-two thousand dollars in bonds, or any part thereof?

Answer.

I did not intend to convey the idea that I dissented from the arrangement to loan the Staten Island Whaling Company fifty-two thousand dollars, to consist of the Potomac and Winchester Railroad

Company's bonds, and the residue out of other funds received from the Cohens; but to so much of the preamble and resolutions as authorised Dr. Coe to convert the Potomac and Winchester Railroad Company's bonds, at his own risk, into state stocks, and to sell fifty-two thousand dollars of Indiana state bonds, in case he failed in converting the Potomac and Winchester Railroad bonds into state stocks, I did dissent. There was no sale of fifty-two thousand dollars of state bonds for the purpose contemplated by the resolution. The Potomac and Winchester Railroad bonds were delivered the Staten Island Whaling Company, together with an amount, out of the Cohen's property, equal to the residue, to make up the fifty-two thousand dollars, as stated in my answer to the second interrogatory.

A

EXTRACT OF A LETTER OF DR. ISAAC COE.

N. YORK, Aug. 8, 1838.

JAMES FARRINGTON, Esq.

DEAR SIR:

I this morning received your favor of the 6th Aug., and regret that in the haste of putting up the funds for Baltimore, my indorsement on the draft was omitted. I have, however, written the Messrs. Cohens to open the package left with them, negotiate the Virginia paper and drafts, and have authorised them to indorse for me the draft, and pay over the proceeds of the whole for the instalments due on the stock. The interest will about meet the discount, so that little or nothing will be lost.

I received also your consent to sell our state 5 per cents. at par, to the agent of the Rothschilds, Morris Canal and Banking Co., American Life and Trust, or Prime, Ward & King, to the amount of one million two hundred thousand dollars, provided a part is left in escrow, and other security taken. And if offers are made by any of the new banking companies, not to sell without the authority of the majority of the board.

As to the first class of purchasers named, there is no probability of selling to either of them at par, at the present European prices; and should they rise, so that it might be done on a credit, the condition of leaving in escrow, or giving other security, would be likely to prevent a sale. The only hope I should have of selling at par, is to the new banking companies; but it is hardly to be expected they would make such an offer and leave it open, while we should correspond whether we would accept, and agree on the security. And I should have little inclination to enter into such a negotiation, believing, as I do, that none of them could offer such security as *you* would be willing to accept.

Yours,

(Signed)

ISAAC COE.

B

RICHMOND, SUNDAY EVENING, AUG. 12; '38.

CALEB B. SMITH, ESQ.

DEAR SIR:

I am thus far on my way home, having left N. York on the 4th inst., spending part of two days at Philadelphia, and Baltimore. Have had a fatiguing journey, and am pretty nearly tired down, this being the sixth night without sleep, except as *enjoyed* in the stage. Nothing material has transpired in our official business since I wrote you. The negotiations on foot at that time and when you left, eventuated in nothing. They would not give par, and the security that would be required would not be agreed to by them. When their decision was known, we at once concluded that further negotiations had better be suspended for a few months, when a more favorable state of the European markets, as to our stocks, may reasonably be expected. We therefore set about arranging our business for a return home. Upon reflection, however, Dr. Coe thought it would be best for him to remain until after the September court at Baltimore, and be personally present at the trial of the attachment case; also that his attention would be required as to the Potomac and Winchester bonds. He therefore remains. Before leaving I agreed with the Doctor to address you a letter in relation to our views, or rather mine, in regard to his negotiating the State's bonds in my absence, and he was to do the like. I sat up all night before leaving, in signing bonds, a part of which were supposed to be executed before. This prevented my doing so at that time, and I now embrace a few moments to give you, in brief, my views on the subject. I said to the Doctor, and addressed him to the same effect, from Baltimore, that he might sell, at par, our five per cent. bonds, on such terms, as to payments, as should meet the requisitions of the Board of Public Works, and on such securities as to him should be considered sufficient, retaining a part in escrow to the Rothschilds, Morris Canal and Banking Company, the American Life and Trust Company, (Duer President,) or Prime, Ward and King; but, that in the event of any negotiations, with any association organized or to be organized under the late banking law of New York, a majority of the board must determine upon any proposition before it should be operative upon the board; and that my assent could not be given, except upon being made acquainted with the terms of each proposition that may be submitted from these last institutions. The Doctor thinks I err in this respect, and his views being opposite to mine upon this point, he wishes to exonerate himself in this matter by my making known my views, and he his, to you; and it affords me pleasure to enable him to shew the extent to which his interest for the State would prompt him to act, and to free him from all the consequences that may result to the State by an adherence to my decision, requiring the action of a *majority* of the board upon each proposition in which these associations are parties, before the contract shall be binding upon the State. You know, somewhat, my distrust in relation to these institutions, from

the interchange of views while the three hundred thousand dollar proposition was under consideration. Time, bodily or mental strength, would not enable me fully to recapitulate them now, nor do I think you will require that I should, in order to determine for yourself. I will briefly mention a few. In the first place I think more should be done by those bodies than merely a subscription for stock under their articles, and an organization by the choice of officers, before contracts to a large amount should be made with them. The bonds and mortgages, and other securities, to be taken in payment of these subscriptions, should be filed and approved by the Comptroller first. This has not yet been done by the New York associations, nor can it be completed for two or three months. The preparation in setting these trains in operation—examining titles, incumbrances, valuations, &c., requires time. Until these steps are taken their resources are not known, the character of their means cannot be judged of correctly.

Suppose you contract before these securities are filed, and after the purchase, they place with the Comptroller our bonds, they commence operations with a debt, payable at short periods, to the amount of bonds sold. What are the means of payment? Why, dollar for dollar in paper, the amount of securities filed, except the 12 per cent. specie. Can this issue be safely made? No New York Bank has that circulation in good times, I believe. Will these bills be of a higher character than *Treasury Notes*? Is the security more complete? It strikes me that an issue of notes to discharge a debt contracted in this way, would be a dangerous experiment to venture upon, and might destroy its credit at the very outset. If the debt is not paid through the issue of notes, it will be by a pledge of its means elsewhere than with the comptroller, or by negotiating its own bonds in Europe. Would it be good policy to place our bonds in that situation, to be thus dealt with? And do you think the bonds of a company would be better than a State? Already has a part of the \$300,000 been offered for sale in New York since we parted with them. Of course if sold, they must be less than par. It is bad policy to have our stocks offered for sale here by any but ourselves, if we mean to keep their credit at par. I am confident no sale can be made at par, compelling the party purchasing to file them with the Comptroller for banking purposes only. It is a stipulation no sound institution ought to make. It is not the means alone, but the capital of character, these associations embody, that would influence, my decision greatly in making a contract with them. Of the individuals composing them, an estimate may be at once made; the character of the company must depend upon its resources and operations. However fair, individually, the stockholders or directors, if the borrowers were likely to be principally among themselves, I should consider it a drawback upon the character of the company. It is said of the American Trust and Banking Company, that assurances that 80 per cent. of loans will be given stockholders if desired. It seems to me that this would at once impair its credit at home and abroad. There are several other considerations, that I cannot touch upon, which I think should be passed

upon by more than *one* mind. My own conclusion is this, as to the course to be pursued. Wait two or three months at least, and see what affect the resumption of specie payments upon American securities in the London or European market will be. They ought to be as valuable in that market as at home; in the mean while more can be known of these associations. If, however, yourself and Dr. Coe, are of opinion a safe contract can be made, I think it should be. I cannot say but that I might be myself before then, but one of us, I think, should be in conjunction with him. The Dr. is apprehensive of our stocking the European market with the two millions of our bonds. I do not think we have cause for fear from that source. While our credit stands as fair there as other States, what have we to fear more than others? If it should happen that they are below par, by the last of fall or winter, we can then decide, whether it is best to sell or not, or earlier sales may be sooner decided upon, on the receipt of favorable intelligence. Writing you, as I do, in great haste, *I am aware, my ideas are not connected* as I would wish; you must therefore only use it as a line between ourselves.

C

CONNERSVILLE, 19th August, 1838.

Dear Sir—I received last evening, your favor of the 14th post marked 17th inst., and have barely time briefly to reply to it, before leaving home this morning for Brookville. I have received from Dr. Coe, a letter of the 6th, enclosing copies of two letters from the Rothschilds, which were received since you left New York. From their letters, it seems the prospect is not as favorable in London as we anticipated, as they think our bonds cannot be sold there for more than 95. Should this be the case, it appears to me, we will do better to continue our sales at home, of stocks payable in New York, so long as we can do as well as we have heretofore done. They also object to the form of the bonds, as they think they are not sufficiently explicit in regard to the payment of the principal in London. I presume the Dr. has also furnished you with copies of their letters, and it will therefore be unnecessary to detail their contents. Taking every thing into view, I look upon the present prospect as very discouraging. If the objections to the form of the bonds will depress the price in London, we must obviate it, either by sending new bonds, or by endorsing them in such a manner as will remedy the defect.

I fully concur with your views in regard to the sales at home, and the necessity of requiring adequate security. It will not do to hazard too much in selling upon credit, particularly to institutions barely organized, wholly untried, and without any character. I shall write to the Dr. expressing my concurrence in the views which you have expressed to him.

The situation of our business will require the presence of one or two of the board at the east this fall. I think it would be well for us

all to meet at Indianapolis as soon as the Dr. returns, in order to consult upon the steps necessary to be taken. If you know at what time the Dr. will return, please inform me, and also what time will suit your convenience, to be at Indianapolis.

Very respectfully, yours, &c.

CALEB B. SMITH.

Caleb B. Smith, submitted the following reply to interrogatory No. 1, being the same as proposed to Mr. Farrington.

The reply of Caleb B. Smith to the questions propounded by the committee of investigation on the part of the Senate.

In answer to the interrogatories propounded to me by the committee, I beg leave respectfully to submit the following statements.

I was appointed a member of the board of Fund Commissioners in May or June, 1837, upon the resignation of Judge Sullivan, and continued upon the board until January 1839, when I resigned. My colleagues at the time of my appointment were Dr. Isaac Coe, and Samuel Hanna. In the spring of 1838, Mr. Hanna resigned and James Farrington was appointed as his successor, who with Dr. Coe continued upon the board at the time of my resignation.

Whether the loans of the State or our duties as Fund Commissioners, were violated by myself or either of my colleagues, would be a conclusion to be deduced from the several laws defining our powers and duties, and our official acts under those laws. I will state in general terms, that I endeavoured to conform my official conduct to the laws of the State, and to discharge my duties in such a manner as to promote the public interest. I am not conscious of having violated either law or duty, nor do I know of any such violation by either of my colleagues. Upon this point however, it may be more satisfactory to the committee to refer briefly to the several operations with which I was connected, and in doing so to present the motives by which I was governed. It had been the practice of the Fund Commissioners for some time previous to my appointment, to sell the bonds of the State upon a credit. These sales had been reported to the Legislature, and were acquiesced in by that body, and as no effort was made by either branch to change or restrict the mode of selling, I could not but believe that the mode of doing business which had been settled and acted upon by my predecessors for a considerable period of time, and which had (tacitly at least) met with the approbation of the Legislature—should be concurred in by me. Other considerations were influential in inducing me to come to this conclusion, among the most prominent of which, was the fact, that it was utterly impossible to effect sales to any considerable extent for cash, except upon such terms as would have involved a sacrifice of the interest of the State. There being but very little surplus capital in this country which sought investment in state stocks, the purchases were generally made with a view to a re-sale in Europe, and the purchasers could only take them upon such terms, as would enable them to realize the money upon a re-sale before they were required to make full payment. Up to the

time of my resignation, the condition of the money market remained good, and the contracts which had before been made, had in most instances been promptly and honorably complied with. Since that time, a remarkable change in the condition of affairs has taken place, and losses have been sustained, against which no foresight could have guarded, and which no prudence compatible with the object of procuring money, as required for the prosecution of the works of internal improvement, could have prevented. This remark I do not intend to apply to all losses which the State has sustained; as with the operations of the Fund Commissioners, since my connexion with that department ceased, I have no acquaintance, except such as I have acquired from their official reports. How far it may justly be applied to those sales with which I was connected, it will be for the committee to determine. That the Fund Commissioners may have been deceived in regard to the character of securities, or that institutions and individuals, who at the time of sales were entirely responsible, may have since become utterly insolvent, is not at all surprising, when we consider the rapid depreciation in the value of every species of property, and the unexampled financial embarrassments which have lately been witnessed in every part of the country; and more especially, when we consider the immense losses which have been sustained by the purchasers of our bonds from the extraordinary depreciation in their market value. The sales of bonds made by the board, while I was a member, with the amount received and the amount yet due, will be found in the table here presented, accompanied by such explanations relative to the sales as I deem necessary to give the information desired by the committee.

Date of Sales.	Amt. sold.	To whom sold.	Rate.	Amt. recd.	Amt. due.
20th June, 1837.	\$30,000	Christmas & Co.	par	\$30,000	
1st Oct. "	2,000,000	Morris Canal & Banking Co.	pm. \$34,000	2,034,000	
11th June, 1838.	40,000	Staten Island Whaling Co.	par	40,000	
6th July, "	300,000	Bank of Western N. Y.	"	60,000	240,000
2nd Oct. "	100,000	Bk. Erie Co. N. Y.	"	100,000	
" "	100,000	Detroit & Pontiac Railroad Co.	"	10,000	90,000
" "	60,000	Staten Island Whaling Co.	"	—	60,000
16th Nov. "	1,000,000	Morris Canal and Banking Co.	"	1,000,000	
28th — "	200,000	Do.	10 pr ct. disct.	180,000	
	\$3,830,000			\$4,454,000	\$390,000

It will be seen by the above table that the whole amount of bonds sold during the term of my service was \$3,830,000, upon which the State has received in money \$3,454,000, and upon which there is yet due \$390,000. Although during that period, the Morris Canal & Banking Company purchased bonds of the State to the amount of \$3,200,000, they were all promptly paid for according to the contracts of sale. The debts now due the State from that company have been all contracted since my resignation.

I will now submit to the committee some explanations in regard to the sale of those bonds above referred to, which remain unpaid for. In the summer of 1838 the board was applied to by some gentleman on behalf of the bank of Western New York, for the purchase of \$300,000 of bonds. This bank being one of those institutions which were organized under the free banking law of New York, and the board being distrustful of the security and ability of banks of that character, it was determined that the negotiations should be conducted with caution, and that the bonds should not be delivered without such security as was thought amply sufficient to guard the State against loss. As a preliminary to any arrangement, extensive inquiries were made relative to the character and responsibility of those individuals who had charge of the bank, and by whom the application was made. Satisfactory assurances were given by numerous distinguished individuals, that they were men of high character and wealth. They proposed to secure the State by the bonds of the bank of Western New York in the city of New York, and the bank of Western New York at Rochester, and also upon mortgages upon extensive bodies of land in the State of Georgia, owned by the Georgia Lumber Company, and to satisfy the board of the sufficiency of the security, they presented certificates purporting to be signed by numerous individuals in the State of Georgia, and officers of the State government, certifying that the lands were worth over a million of dollars. It is stated by N. Noble, Esq., present fund commissioner, in his late report, that these certificates were fabricated for the purpose. Whether this was so or not, I have no means of determining. A gross fraud may have been perpetrated in the getting up of the certificates. If so, it was one of those frauds to which the most prudent are exposed, and which the fund commissioners had no means of guarding against. They were not only presented by men of unimpeachable character, at that time, but were sworn to, if I recollect right, and if they were fabricated for the purpose, they furnish strong evidence of the startling extent to which fraud will sometimes be carried to effect its dishonest purposes. The board finally agreed to the sale, believing that no danger of loss could be apprehended in any contingency. Before the contract was consummated, or the bonds delivered, I left New York and returned home, leaving my associates there, by whom the securities were taken. It was clearly understood that the mills and improvements referred to in Gov. Noble's report should be embraced in the mortgages. Whether they were so embraced or not, I am unable to say, the mortgages being executed after I left. By the terms of the

charter of the Georgia Lumber Company the stockholders were made liable individually for all contracts of the company. There being over 30 stockholders, many of whom were regarded as wealthy, it was thought by the board that their liability greatly increased the security of the State for the payment of the debt.

Being distrustful of the ability of those banks which were organized under the free banking law of New York, I felt unwilling to sell the bonds of the State to them without the most ample security, and a number of propositions from them for the purchase of our bonds were declined by the board, on the ground of our distrust of the security offered. After the return of Mr. Farrington and myself, Dr. Coe who remained in New York, made a sale \$100,000 of bonds to the Bank of Erie county, New York, \$100,000 to the Detroit and Pontiac Railroad Company, and \$60,000 to the Staten Island Whaling Company. These sales were made without the concurrence of either Mr. Farrington or myself. At the meeting in December, at Indianapolis, these sales were reported to the board, and after some hesitation, were sanctioned by Mr. Farrington and myself. We were inclined to give them our sanction from the fact that the bonds had been delivered, and we thought it very improbable that we could repossess ourselves of them, should the contract be disaffirmed. We were also apprehensive that the disaffirmance of the contract would injuriously affect the credit of the State, and increase the difficulties of making further sales, and also that any unsuccessful effort to regain possession of the bonds would render the institutions to which they were sold both less willing and able to pay the State. Upon a careful consideration of all these facts we came to the conclusion that it would be better for the State, that we should affirm the contracts, than that we should refuse our sanction; and I have since seen nothing to change my opinion of the course we pursued. The debt from the Erie County Bank has since been paid and \$10,000 of that due from the Detroit and Pontiac Railroad Company, leaving unpaid \$90,000 of that debt, and the amount sold the Staten Island Whaling Company, \$60,000. These sales were made at rates at least 10 per cent. higher than the ordinary market price of our bonds; and I would here observe that the amount of money actually received by the State upon bonds sold while I was fund commissioner, amounted to more than the bonds could have been sold for in cash at the times of the sales.

I have no knowledge of any loans, moneys, compensation or gratuity being received from any bank, company or individual, by any fund commissioner, with whom we had transactions as such, except in one instance. In the summer of 1837, Dr. Coe and myself were in New York for the purpose of negotiating a sale of bonds. Mr. Lanier, the President of the Branch of the State Bank of Indiana, at Madison, was there also, attending to the business of the bank. He gave Dr. Coe \$200 and myself the same sum which he informed us he had received from the Morris Canal & Banking Company, as a premium for taking post-notes of that company in exchange for money belonging to the bank on deposit with the Morris Canal & Banking Company.

as a premium for taking post notes of that company in exchange for money belonging to the bank, on deposit with the Morris Canal & Banking Company. The exchange was made by Mr. Lanier without my knowledge, and I believe without that of Dr. Coe. I had left New York and gone to Philadelphia for a few days to attend to the business of the State. Mr. Lanier came to Philadelphia while I was there, and in conversation he informed me that he had made such an exchange with that company, and observed, at the same time, that the post notes would be of more value to the bank than the funds on deposit, as they could sell them for as much as drafts and save the interest.

He also informed me that he had given Dr. Coe two hundred dollars of the premium, and he gave me the same amount. Mr. Lanier's reason, which he gave me, for presenting us with the money was, that fund commissioners received but a very small compensation, and as the operation he had made was decidedly to the advantage of the bank, without reference to the premium, he thought it right to give them the part of it which he did. The money exchanged by Mr. Lanier had been transferred to the bank, to reimburse for expenditures made upon the public works. It did not belong to the State, and the fund commissioners had no control over it.

I never received from any bank, company, or individuals, with whom I had transactions as a fund commissioner, any loans, compensation, money, or gratuity, except as above explained, nor do I know of any other received by any other fund commissioner.

I know of no profit on state funds having been appropriated to the use of any fund commissioner, nor do I know of any losses which should have been borne by any fund commissioner, which have been carried to the debit of the State.

The explanations heretofore given will, I presume, be regarded as a sufficient answer to the inquiry in regard to sales to irresponsible banks, &c.

In regard to the transactions of Dr. Coe with the Staten Island Bank, or Whaling Company, and the loss thereby, while he was a director, or *about* the time he held that office, together with the probable or certain gain to himself, if any there was, I can give the committee but little information. The only transaction of Dr. Coe with that company, of which I have any knowledge, occurred in the summer of 1838. In order to induce the company to give five thousand dollars a year rent for the sperm manufacturing establishment, owned by the State, in Brooklyn, Dr. Coe agreed to pay one thousand dollars of the rent, on condition that the company would pay him one third part of the profits of their operations. This arrangement was made by him contrary to the advice of his colleagues; but I believed then, and still think, the arrangement was made by him more from his anxiety to promote the interest of the State, by procuring a handsome rent for the property, than from any expectation of private advantage. Whether he sustained a loss or realized a profit from the operation, I am unable to say.

I never knew, until I was so informed by the developments made in

this investigation, that Dr. Coe was a director in the Staten Island Bank. I think he was not a director while I remained upon the Board of Fund Commissioners. If he was I had no knowledge of it.

I am not aware that the Morris Canal and Banking Company exercised any undue influence over Dr. Coe, or any other fund commissioner. During the time I was associated with Dr. Coe he manifested considerable anxiety to make as favorable negotiations as he could for the interest of the State, as well with that company as with others with which we dealt. If he had any interest in that institution, as a stockholder or otherwise, or received from it any favors or business facilities of a private nature, I never knew it. I have no knowledge of any speculations in state bonds of any of the States, by any fund commissioner, except one transaction, which was as follows: At the time the Brooklyn establishment was leased to the Staten Island Whaling Company, the board, as an inducement to the company to take the establishment, agreed to loan it bonds of the Winchester and Potomac Railroad Company, and some funds which had been taken in settlement of the Cohen debt, for a period of five years, at six per cent. interest, secured by bonds and mortgages unincumbered real estate, which were placed in the possession and control of Dr. Coe, he having charge of the office, and all the papers and books. The whaling company being desirous of procuring state bonds in lieu of the bonds of the Winchester and Potomac Railroad Company, and the board declining to furnish them Indiana bonds, Dr. Coe, at his own risk, undertook to procure for them state bonds with the Winchester bonds. I afterwards understood that he effected the arrangement; but whether he made any thing by it or not I am unable to say.

COL. BLAKE submitted his answers to the following interrogatories:

Interrogatory No. 1.

When did you become a member of the Board of Internal Improvement? How long did you serve as such, and who were members of the same board with you?

Interrogatory No. 2.

What plan was adopted by the Board of Internal Improvement as to outlays on the public works; and what reason operated on the board to induce them to undertake all the works at one time?

Interrogatory No. 3.

Was the commissioner resident on a given work made superintending agent of that work? How were funds supplied him from time to

time, to meet his disbursements, and how often did he account to the board for his outlays on the work which he superintended? Speak as to the manner in which the members of the board drew for funds, and what checks were imposed upon overdrawing?

Interrogatory No. 4.

State whether any member of the board, and if so, who, derived any advantage or profit by the use of the public funds, or whether you have any information, and if so, what, which would induce you to believe that any member of the Board of Internal improvement used any of the public funds for his private profit, or delayed to account for the same at a proper time?

Interrogatory No. 5.

State what information you have, if any, which would induce you to believe that the location of any work, or part of same, had been made or changed with a view of enhancing the value of the private property of any member of the Board of Internal Improvement, or of the members of the Engineer Corps.

Interrogatory No. 6.

State what information, if any, you have, which would induce you to believe that the members of the Board of Internal Improvement, or any member of the same, were governed or influenced, in the lettings made by them, by views of private interest, contrary to the public good?

Interrogatory No. 7.

State any information you may have tending to shew that any of the superintending officers of the public works were guilty of accepting bribes, or conniving in any way, at the practice of defrauding the State, by allowances to contractors of more than they were entitled to by law.

Interrogatory No. 8.

Who was the acting commissioner on the Madison and Indianapolis railroad when the Madison Hill, or deep diggings, were put under contract?

Interrogatory No. 9.

Is the property of either member of the Board of Internal Improvement dyked or defended from freshets of the Ohio river by the Madison railroad, beneath the deep cut? If so, whose property is thus defended?

Interrogatory No. 10.

Did the interest of the State demand a thorough cut through the Madison hill? Would or would not a tunnel have been cheaper, and what advantage is it expected that the lettings of that cut are to be to the State? What is the total cost of that cut and the embankment, and culvert beneath the hill? State all the information you have on the subject.

Interrogatory No. 11.

By whose directions and whose recommendation was one Beckwith employed as an engineer on the Madison and Indianapolis railroad; and when and for what was he dismissed?

Interrogatory No. 12.,

How long had said Beckwith been engaged in receiving bribes for false and fraudulent estimates before detection? How was his rascality detected, and by whom?

Interrogatory No. 13.

What reason have you, if any, for believing that any member of the Board of Internal Improvement, or chief engineer, fraudulently, at any time, connived at the allowance of higher wages to contractors than the contract price; or connived at lettings being made at a higher rate than the market price for such work?

Interrogatory No. 14.

Did any member of the Board of Internal Improvement, at any time, make lettings to a greater extent than advised by the board? If so state who, and what those lettings were?

Interrogatory No. 15.

State what allowances were made, while you were in the board, to members thereof for extra services and expenses; and what reason, if any, you have for believing that such allowances were excessive? Please refer to such records and memoranda as will aid you in answering this question.

Interrogatory No. 16.

How much authority did the board delegate to the separate members thereof in superintending their respective works, and were their acts in making lettings, &c. regarded as obligatory on the board?

Interrogatory No. 17.

What reason have you for believing that any of the lettings were secretly or unfairly made by any member of the board, with a view of securing a profit to himself or to his friends?

Interrogatory No. 18.

What contracts, if any, were taken on the public works by members of the board? At what prices, and was there, or was there not, in the taking of such contracts a fair competition among bidders?

Interrogatory No. 19.

Were any members of the board, at any time, secretly interested in any lettings by them made on the public works? State any information you have touching this matter.

Interrogatory No. 20.

Was any member of the board of public works, or engineer engaged on the same, at any time, either directly or indirectly, engaged in any speculation in lands or town lots on the line of the public works, or any of them? State what information you have on that subject.

Interrogatory No. 21.

State particularly whether the Railroad at Madison, could not have been taken down the hill on a cheaper route, and equally advantageous to the State, and whose private interest in any manner is most particularly benefited, or intended to have been, by the adoption of the present route.

Interrogatory No. 22.

While acting as Canal Commissioner or member of the Board of Internal Improvement, state whether you applied the money of the State, or the use thereof, in any way to your own benefit, or as capital in trade, or to speculate upon in any way. Whether in making contracts with contractors, there was any direct understanding, or conditional one of any description, by which they, or any of them, were to buy, or to give orders to their laborers for goods on your store. State also whether you have ever bought up the estimates of contractors at a less price than the face, or the amount for which they were given. State all you know and all you have heard, which you may have any reason to believe may be true, in relation to all, or each, or any of the above particulars, and in relation to any other Canal Commissioner, or Fund Commissioner, or member of the Board

of Internal Improvement, or any other person in any way in the service of the State, and if any, of whom, and what extent and amount? Do you know of any instances, in which the funds of the State have been either directly or indirectly used in the purchase, at a discount or otherwise, of the depreciated paper of the banks of Michigan, or any other State, with which to pay contractors or laborers on the public works, or any of them? If so, state particularly who, whether individuals, companies, or corporations, and to what amount, and to whose benefit. State all you have heard, which you have good reason to believe to be true, in reference to any or all of the above particulars.

The answer of Thomas H. Blake to the questions propounded to him by the committee of Investigation of the Senate.

I was appointed a member of the Board of Internal Improvement, in February 1836; and in March following was qualified, and took my seat in the board. The other members of the board were David Burr, Samuel Lewis, James Johnson, David H. Maxwell, John Woodburn, Elisha Long, John G. Clendenin, and Samuel Hall, all of whom were then present, except the last. In the fall of 1836, Mr. Hall resigned, and was succeeded by Amos Clark, who was succeeded by John A. Graham, and Mr. Burr, was succeeded by Daniel Yandes, and Mr. Yandes, by A. F. Morrison.

The plan of operations agreed upon, and in December following submitted to the Legislature in the annual report of the board, was not suggested by me. The same was unanimously adopted by the board; and although I do not desire any exemption from a just responsibility, I am unconscious of any claims to the paternity of that plan.

The reasons which governed the board in the adoption of this policy, are explicitly stated in the report referred to; and perhaps it will suffice to say, after this general reference, that the representative character of the act to establish the system of internal improvement, and the express letter of it, seemed to contemplate, and render unavoidable, even in the incipient action of the board, extensive operations to be brought home to the geographical sections of the State, and I may add that after this, the applications to the board from almost every part of the State, frequently and sometimes angrily made, for operations still more extensive, and the repeated rejection by the Legislature of propositions to classify the works, or confine the action of the board, within a more limited sphere, and the efforts in that honorable body to enlarge the system to several millions more, indicated any thing but a mandate to the board to stop in that career, which ultimately, under a change of the times, and a series of misfortunes to the State, over which the board had no control, it was impracticable for them to carry out. It should also be recollected, that the Legislature in those days, would sometimes exercise their paramount authority in giving specific instructions to the board, the tendency of which was, the enlargement of operations, and it is not known to me that any were given in any case of a restrictive character. I have availed my-

self of the occasion to disturb this recollection, with no view whatever of manifesting any disrespect to the highest constituted authorities of the State, or to any member of this committee, but to ask in all humility, once for all, whether the members of that board for their acts, thus sanctioned, should be made the general rallying point of attack, and handed over as victims to propitiate the public wrath.

In further compliance with the law, the members of the board were appointed acting commissioners on the works contiguous to their respective abodes, and were delegated with all the power of the board to carry out the instructions given them by that body, subject however, to an appeal to it in any case of dissatisfaction by any contractor or citizen.

When work was done by a contractor he was furnished with an estimate of it by the resident engineer on the line, for which, after deducting 10 per cent. on canal work and 15 per cent. on roads and railways to indemnify the State in case the contract should be abandoned, the acting commissioner gave the contractor a check on the bank, payable to order, which check with the estimate attached thereto was presented to the bank and there paid, under a regulation prescribed and an arrangement made by the fund commissioners.

The members of the board were not permitted to check for any money to pass through their own hands, except for the amount allowed by the board in general meeting, as being merely sufficient for the payment of the engineers on their respective lines, their own salaries, and to meet such contingencies as were unavoidable, in the nature of the service; and for such disbursements and allowances of all kinds, they were required to make quarter annual reports accompanied by vouchers for every item of expenditure. It will be perceived that by this arrangement, the only one which obtained whilst I was a member of the board, the members of it could never have large balances on hand, although it sometimes appeared otherwise in the statement of their accounts. When, for instance, payments had been made for construction, the amount of which had been charged to them in account, although not a cent had come into their hands, and the vouchers which would cover them had not yet reached the common point of destination.

I do not know that any member of the board ever speculated upon the public funds either as capital in trade or in any other way, or applied more to his own use than he was strictly entitled to; nor am I prepared to say that I have any right to suspect any of them of so doing; but in this statement I must except the case of Mr. Burr, whose defalcation was made known to the Legislature by the board, when the discovery was made.

I do not know that any location of public work, or part thereof, was made or changed with a view of enhancing the value of the private property of any member of the board, or engineer.

I do not know, nor have I been furnished with any reasons to induce me to believe, that any member of the Board of Internal Im-

provent was ever governed or influenced, in the lettings made by him, by views of private interest contrary to the public good.

I do not know, nor have I any reason to believe, that any of the superintending officers of the public works accepted bribes, or connived at any frauds upon the State, by allowances to contractors of more than they were entitled to, except in the case of E. M. Beckwith, whose frauds were discovered after I ceased to be a member of the board.

The acting commissioner on the Madison and Indianapolis railroad, at the time the hill at Madison was put under contract, was John Woodburn. I never was at this point of the public works, nor can I say how it affects the property contiguous thereto, nor to whom that property belongs; nor can I say that any other mode of improvement would have been better than the one adopted, having relied, in my course touching it, upon the reports of H. M. Petit, the principal engineer on roads and railways at the time, and on the representations of the commissioner on that line. The total cost of the cut at that point and of the embankment and culvert beneath the hill, according to information furnished by the engineer Department, is about two hundred and seventy-five thousand dollars.

I do not know upon whose recommendation Mr. Beckwith was originally employed. He was continued in service on the recommendation of Mr. Woodburn, and in the absence, at that time of any proof of his dishonesty; nor do I know any thing about his having received bribes and made false estimates, except from conversational statements, of recent date; nor do I know how he was discovered, nor by whom. I have heard that the discovery was made by Mr. Jesse L. Williams, who caused him to be immediately apprehended. These occurrences took place at an after time to my service on the board.

I have no reason to believe that any member of the board or engineer, except as above stated, ever connived at the allowance of higher wages to contractors than the contract price, or connived at lettings being made at a higher rate than the market price for such work.

I do not know that any member of the Board of Internal Improvements, at any time, made lettings to a greater extent than ordered by the board; but in some cases the contract price of the work and the expenditures greatly exceeded, in the aggregate, the appropriations made by the board.

I cannot say that any allowances were made to any of the members of the board for extra services, any further than this: that it is my impression that some travelling expenses, of small amount, were allowed in one or two instances, whilst the individuals were out of the State, on the business of the board, and when no per diem allowance was made, or charged by them. A reference to their accounts, on the files of the board, would, doubtless shew the facts.

The board delegated to the members, whilst acting on their respective lines, all the power of the board, as far as it was necessary to enable them to carry out the duties confided to them, but nevertheless all their acts, when brought before the board in general meeting,

were subject to the adjudication and control of the board, so far as then practicable. Among other matters of investigation, the various lettings were of course prominent objects of interest, and the board would have rescinded any letting or contract upon the discovery of just grounds to suspect favoritism or unfair dealings of any kind. I recollect one very important case, in which there was no favoritism or unfair dealing imputed, and in which the board totally rescinded the contract, as being in their opinion in some of its bearings incompatible with the public interest. I allude to the contract for the purchase of ground for water power, at the dam at Delphi, on the Wabash and Erie Canal, made with a citizen of Ohio.

I do not know, nor have I any reason to believe, that any lettings were secretly or unfairly made by any member of the board, with a view of securing profit to himself or his friends.

I do not know that any contracts were taken on the public works by any member of the board, except the contract for a portion of the water power at Indianapolis, in which Mr. Yandes was a party. This case was particularly enquired into by the board, and upon the facts spread before them, the whole proceeding was deemed to be perfectly fair and correct.

I do not know that any member of the board was ever at any time secretly interested in any lettings made by him, or by any other member of the board upon the public works.

I do not know that any member of the board was at any time, directly or indirectly, engaged in any speculations in lands, or town lots, on any line of public work; and as this is one of the charges which *rumor* has brought against me, I beg leave to state emphatically, that I never was directly or indirectly, engaged or interested in any such speculation, and that, whilst a member of the board, I never for myself or others purchased a foot of land on any line of public work, or any where else, either with the public money or my own, or became interested in any such purchase. In obedience to the other branch of the question, I have to state, that I have been informed that some of the local engineers on the lines of work I had in charge, made purchases on or near the same after they had been located.

In making contracts with the contractors, there never was in any case any direct or conventional understanding between them or any of them and myself, that they should give orders to their laborers for goods on my store; nor did I ever buy up the estimates of any contractor or contractors at a less price than their face, and the amount for which they were given. I, in some instances, took estimates from contractors and from others, in payment of debts to my store, when I could not get the money; but I never speculated in them. When I was appointed a member of the Board of Internal Improvement, it was entirely unexpected to me, not having made any application for the appointment, or authorized my name to be used. I was then engaged in mercantile business and so continued. My dealings with contractors were conducted upon the same footing of other customers, and I never in any instance, nor in any manner made use of the power

of office, to secure their custom; nor in any case did I ever withhold their estimates to secure the payment of any debt due me.

I do not know of any instance in which the funds of the State have been either directly or indirectly made use of to purchase at a discount or otherwise, the depreciated paper of the banks of *Michigan*, or of any other State, to pay out to contractors or laborers on the public works or any of them, and from the explanation herein given of the mode of disbursement by the members of the Board of Internal Improvement, whilst I was a member of that body, it will appear that this could not very readily happen to any of them.

In conclusion, I have to state, that I uniformly availed myself of the earliest opportunity to settle my accounts touching all the public works, upon which I was the acting commissioner, and that on final settlement, the small balances against me were forthwith paid over, and my accounts closed.

Interrogatory No. 23.

State whether you recollect of any instances in which any of the members of the Board of Internal Improvement transcended the territorial limits, or the sum prescribed for them to be governed by in their lettings. If you do, name the instances, the persons so transcending their orders—what action the board took in such cases, and generally state all you know, or have good reason to believe about these cases.

Answer.

As before stated in my general answer, I know of no case in which any member of the board exceeded in his lettings the territorial limits prescribed to him.

At the annual meeting of the board in 1838—'39, it appeared by reference to the orders of the board making appropriations upon the several works, and the tabular statement which accompanied the annual report of the principal engineer, that Mr. Morrison and General Long had exceeded in their lettings the amount authorized by the board. The precise amount of excess is said to be much less than it appears to be from the data above referred to, and as those gentlemen are now in attendance on the committee, they will I presume, submit to them the necessary explanations.

Mr. Morrison was not a member of the board at the time the orders were made.

It does not appear from the tabular statement in the report above referred to, what was the entire amount of Mr. Woodburn's lettings, including items properly chargeable under that head, but, as well as I recollect, it was ascertained at the time that he had gone over the amount allowed by the board. Mr. Woodburn is also in attendance on the committee.

At the time, there was, I feel confident, a tabular statement made out by the board, and submitted to the Legislature or a committee thereof, showing in every case the precise amount of appropriations and lettings; but I have searched for it at the office of the board of internal improvement and enquired for it without success. If this statement could be found, it would probably show the precise excess in the above cases, and in any others that may exist. I do not recollect any others.

The object of these specific appropriations by the board, was to prevent what they might deem, an undue expenditure upon any line of public work, and to inform the fund commissioners, as nearly as practicable of the precise sums wanted, so as to enable them to provide fully for the public service, without running the state to any unreasonable indebtedness.

Committee then adjourned to meet again on Wednesday evening, 29th, in the capitol, at 6 o'clock.

J. C. EGGLESTON, *Chairman.*

Pursuant to last adjournment committee met in the capitol, on Wednesday evening, 29th December, at 6 o'clock. All present; the following question was propounded to Mr. Farrington:

Interrogatory No. 6.

Was there any negotiation between any of the fund commissioners of Indiana and a Mr. Holly, in New York, about the sale of state bonds? If so, by whom of the commissioners was it conducted, and did Dr. Coe, in any way, embarrass the negotiation?

Answer.

There was, in the summer of 1838, when all the members of the board were in New York, some proposition submitted to the board by a Mr. Holly, for the purchase of Indiana bonds. They principally came under the consideration of Mr. Smith and myself. The proposition not being satisfactory to the board, and the terms required in the event of a sale to Mr. Holly, not being acceptable to him, no contract was made with him. I am not aware that the negotiation was broken off by Dr. Coe.

Mr. Smith submitted his answers to the following interrogatories:

Interrogatory No. 2.

Was the arrangement made with the Staten Island Whaling Company to loan them the Winchester and Potomac Railroad Company's

bonds, and other funds derived from the Cohen compromise, made by the entire board of fund commissioners, or did any member of the board dissent from the arrangement? To what order of the board did Mr. Farrington dissent, and was that order carried out? What member of the board made the compromise with the Cohens and Josephs.

Answer.

The arrangement made with the Staten Island Whaling Company to loan them the Winchester and Potomac Railroad Company's bonds, and other funds derived from the Cohen compromise, was made by the entire board of fund commissioners. No one of the members dissented from this arrangement. Mr. Farrington dissented from the authority given to Dr. Coe to sell \$52,000 of state bonds at par, to be paid for 1st December. This authority was never exercised, and the bonds which were authorized to be sold by it were never sold.

The Winchester bonds were delivered to the Staten Island Whaling Company in pursuance of the arrangement made with the board, and the arrangement of Dr. Coe to convert them into state stocks for the benefit of the company was an individual transaction between him and that company, not connected with his duties as a fund commissioner, nor did the board ever enquire, or learn what had been done by him in making the arrangement and so converting said bonds.

The compromise with the Josephs and Cohens was made by Dr. Coe in the spring of 1838, and reported to the board after the arrival of Mr. Farrington and myself in New York. The Cohens and the Josephs had failed before my appointment, and Dr. Coe had made with them the conditional arrangement for the compromise, subject to the ratification of the Legislature.

Interrogatory No. 3.

When the other commissioners had returned home in 1838, was Dr. Coe expected to negotiate loans, if opportunity occurred? and was the necessity of so doing greatly increased after his colleagues had returned home, from the failure of the arrangement with the Rothschilds? and was the sale at that time to the Morris Canal & Banking Company satisfactory to his colleagues?

When objections were made to confirming the sales of the Pontiac railroad, the Staten Island Whaling Company, and the Erie County Bank, did Dr. Coe offer to take the responsibility of these sales on himself individually, if he was allowed to take the bonds sold them at the market price, and had he not sold them 10 per cent. higher than other sales could be made? Was it easy to sell bonds within the limits prescribed by law, and was there not, at that time, very pressing calls for additional loans?

Answer.

In answer to the interrogatory in relation to the negotiations made by Dr. Coe, in the fall of 1838, after his colleagues left New York, I would reply that I left New York and returned home in July, leaving Dr. Coe and Mr. Farrington there, who as constituting a majority of the board, were of course fully empowered to make any negotiations they might deem expedient. When I left no definite arrangement was agreed upon in reference to future loans. We were anxious to make further sales, if it could be done on safe terms, as we had not then made arrangements for sufficient funds to meet the requisitions of the board of internal improvement.

Mr. Farrington left New York in a short time after I left, and I have no knowledge of the arrangements between him and Dr. Coe relative to further sales, except what I learned from my correspondence and interviews afterwards with him and the Doctor. He wrote me on his way home, stating the instructions he had left with Dr. Coe, and I replied, expressing my concurrence in his views. A copy of this correspondence is embraced in Mr. Farrington's previous answer.

The sale made by Dr. Coe to the Morris Canal and Banking Company, after Mr. Farrington's return home, was regarded by the board as having been made by their authority, and was sanctioned without hesitation.

When objections were made to sanctioning the sales made to the Erie County Bank of New York, the Pontiac Railroad Company, and the Staten Island Whaling Company, Dr. Coe proposed to take those contracts individually, and assume the responsibility of paying the State for the bonds sold to those companies, at ninety cents to the dollar, which was then the highest market price for which our five per cent. dollar bonds could be sold in New York, except to the free banking companies which desired to procure the bonds to deposit with the Comptroller of State, as a basis for their banking operations. We deemed such an arrangement improper, and declined making it.

Interrogatory No. 4.

Was there any negotiation between any of the fund commissioners and a Mr. Holly, in New York, about the sale of state bonds? If so, by whom of the commissioners was it conducted, and did Dr. Coe in any way embarrass the negotiation?

Answer.

While the entire Board of Fund Commissioners were in New York, in 1838, Mr. Holly, of that city, applied for the purchase of a large amount of bonds,—I think from one to two millions. I understood him to desire the bonds for some gentleman connected with himself, who wished to establish a bank, under the free banking law of New York, on an extensive scale. The negotiations were principally conducted

by Mr. Holly with Mr. Farrington and myself, and resulted in no sale being effected, principally, as I then thought, from the inability of those who desired the bonds, or their unwillingness, to give such security as we required, before we would consent to a delivery of the bonds.

I never saw any thing on the part of Dr. Coe which had any tendency to embarrass the negotiation; nor do I believe that any thing was done or said by him that interrupted the negotiation, or prevented it from being brought to a successful result. I know of no other negotiations with any man by the name of Holly.

Committee then adjourned over to the evening of the thirtieth, to hold their meeting in the Capitol, at six o'clock.

J. C. EGGLESTON, Chairman.

In pursuance of last adjournment Committee met in the Capitol on the evening of the 30th December, at six o'clock. All present.

The following interrogatory was proposed to Mr. Farrington:

Interrogatory No. 7-

Have you in your possession any information relative to the transactions of Dr. Coe, while he was acting as fund commissioner, which would bear in any way on his official conduct, not communicated in answer to the interrogatories heretofore put to you? If so, state that information.

Answer.

I have no other information in my possession touching the official conduct of Dr. Coe, and at variance with his duties as fund commissioner, not stated in my previous answers, of which I am conscious. It was my intention to state the whole information I possessed, and if it has not been done it is because I cannot recollect it.

J. S. WEYER was then sworn, and submitted his replies to interrogatories as follows.

Interrogatory No. 1.

Did you furnish spikes for the Madison and Indianapolis railroad during the past season?

Answer.

I did.

Interrogatory No. 2.

At what price?

Answer.

At twenty cents per pound, in state bonds. See contract.

Interrogatory No. 3.

Were these spikes furnished at a higher or lower rate than the market price of spikes paid in current paper?

Answer.

I agreed to furnish the spikes at ten cents per pound, in cash, which was not above the market price.

Interrogatory No. 4.

Was the price of the spikes thus furnished higher or lower than the cash price a few years ago, say in 137, 38, 39?

Answer.

I furnished a lot of spikes, in 1838, at eight cents per pound, in cash, but made nothing on them, as the price was too low. I herewith append the contract, in answer to the second interrogatory. Fair price of spikes in 1838 was nine or ten cents. The agreement appended was proposed by myself, and accepted by John King. The spikes were delivered and the bonds paid for them in September, 1841.

AGREEMENT made this fourteenth July, 1841, between J. S. Weyer & Co. and John King, agent for the Board of Internal Improvements.

The said J. S. Weyer & Co. agree to deliver to said John King, in Madison, within six weeks from this date, ten thousand pounds of half-inch spikes, similar to those furnished John Woodburn, by D. Agnew & Co. heretofore, (for the Madison and Indianapolis railroad,) and to be made of good iron and put up in kegs, without charge for kegs.

The said King, for the Board, agrees to pay said J. S. Weyer & Co., on delivery, ten cents per pound, in current money, or twenty cents per pound in five per cent. Indiana state bonds, at option of said King; the bonds to be counted at their face.

Witness our respective signatures, this date above written.

On the back of this agreement is the following indorsement:

Delivered the spikes 7th Sept. 1841, say	
27 half bbls., 10,086lbs. at 20 cents - - -	\$2,017 20
Reed. 2 state bonds, \$1,000 each, 5 per cent.,	\$2,000 00
Interest on same, 1 July to 1 Sept.,	16 66
	\$2,016 66

J. S. WEYER.

Committee then adjourned to meet again on the evening of the 1st January, 1842, in the Capitol, at six o'clock.

J. C. EGGLESTON, Chairman.

By a call from the chairman, the committee met on Friday evening, of the 31st December. All present.

Andrew Wilson being in attendance was sworn, and answered to the following interrogatories :

Interrogatory No. 1.

Have you been a contractor on any of the public works ?

Answer.

I have been a contractor.

Interrogatory No. 2.

Do you, or do you not know of any canal commissioner, or any officer or agent in the employment of the State, buying up the estimates or other evidences of debt against the State? If so, give all you know particularly, and in addition state whether any funds of the State were used in buying up the evidences of debt before referred to.

Answer.

I do not know of any officer of the State being so employed. Elijah Alvord was employed by Noble, while he was on the board of internal improvement, to go to Andersonstown on the northern division of the central canal, to settle with contractors and give certificates of the amount of the claims due laborers on the public works. Said Alvord, after having given certificates of the amount due the laborers, bought some of them up of the laborers. I think, the first time he was up, he purchased about \$1,500 worth of the certificates. The whole amount of his purchases was about 6 or \$7,000. Witness does not know whether the purchases were made with private or public funds. The payments were made principally in Gallipolis paper. Alexander Morrison was concerned in the purchases, and I know that the firm

could command means. The certificates were purchased at from 50 cents to 70 cents to the dollar. Morrison was not a commissioner when so employed.

Interrogatory No. 3.

Do you, or do you not know of any canal commissioner, or other agent of the State, while putting any sections or other work under contract, having any stipulation or conventional understanding with the parties contracting, that certain purchases of merchandise should be made at certain stores, in payment of labor, or any share of the profits of the contracts should be divided or shared with said commissioner or other agent. State particularly all you know?

Answer.

I have no knowledge of any of the matters mentioned in this question. I frequently dealt with the commissioners while I was contractor. I dealt with Alexander Morrison, Hazlet & Morris, and Mattol, while Morrison was a commissioner, and Morris, one of the owners was engineer, but there was no previous agreement that I should deal at either store.

Interrogatory No. 4.

Do you, or do you not know of any officer of the State being concerned in speculations of any kind, in which the interests of the State were involved, or in buying the public lands near the line of the projected works under the system of internal improvement? State all you know.

Answer.

I know of no officer being so engaged, except Gov. Noble, who, while Governor, was in partnership with Samuel Henderson and myself in a purchase on Eel river, on the line of the cross-cut canal of about 2400 acres.

Interrogatory No. 5.

Give the particular mode in which the contractors were paid. If by checks on the bank, in what currency were said checks paid. If not paid by checks on the bank, then say in what way, and in what description of currency. If in a depreciated, then state to whose advantage the difference between par and depreciated funds enured.

Answer.

I was always paid in Indiana money, until the treasury note issue.

I do not know that the officers had any advantage in the disbursement.

Interrogatory No 6.

How many contracts had you on the public works before the same were suspended.

Answer.

I had six contracts.

Interrogatory No. 7.

State whether Mr. Alvord did not disburse or pay out the moneys on the central canal to the contractors for damages allowed when they surrendered up their contracts.

Answer.

I think Mr. Alvord did not make the payments referred to. He did not to my knowledge.

Interrogatory No. 8

Was not said Alvord an exchange or money broker at the time ?

Answer.

He was a money broker.

Interrogatory No. 9.

Did not said Alvord accompany the person who assessed the damages alluded to in interrogatory No. 7, and buy up the certificates of assessed damages at a low rate?

Answer.

He did not accompany the men who assessed the damages, but bought certificates as stated in answer to No. 2.

Interrogatory No. 10.

Was it not known to the commissioner on the Central canal that said Alvord was speculating off of the claims of laboring men?

Answer.

I know nothing about that matter; though the fact was generally known in town.

Interrogatory No. 11.

Do you, or do you not, know the reason why said Alvord was employed to disburse money?

Answer.

I know nothing about it.

Interrogatory No. 12.

Do you, or do you not, know the amount Mr. Alvord invested in the estimates? If so, please state it.

Answer.

Already answered by No. 2.

Interrogatory No. 13.

Have you any reason to believe that the commissioner for the Central canal was interested or in any way concerned with said Alvord, or did any other public officer participate in the speculations of Alvord and others? If so, state who they were.

Answer.

I know nothing of any person being concerned in it. I know they had a great deal of Gallipolis money to pay out, but I do not know where it came from.

Interrogatory No. 14.

Have you, or have you not stated that you knew the commissioner on the part of the State participated in the contracts made with contractors? If so, state to whom you referred, and particulars relating thereto.

Answer.

I cannot say that I ever heard or stated such a thing. I think I did not.

Interrogatory No. 15.

If you are not able to answer all of the above interrogatories, from not knowing all the facts, then, with regard to those facts which you cannot of your own knowledge answer, state from whom you received the information.

Answer.

I do not know that I ever had any information except that the men had a great deal of Gallipolis money. I can give no information as required.

Dr. Coe then submitted his reply to the following interrogatory:

Interrogatory No. 42.

Will you furnish to the committee a copy of the correspondence with Mr. Merrill, on the subject of the million bank loan, referred to in interrogatory No. 35, and which Mr. Merrill is understood to have laid before the bank committee. State whether the facts stated in that correspondence are true or not, and how many of those facts you now state on oath.

(Copy.)

INDIANAPOLIS, January 8, 1840.

DR. COE:

Sir—I have for some months past felt much dissatisfaction with your conduct last year in reference to the Morris Canal and Banking Company loan, but have heretofore said nothing about it, except when endeavoring to ascertain how far my suspicions were just. As this matter, at a future day, may become important to both of us, I have thought it best to address you a note, that you may explain or contradict any proceedings that have appeared in an unfavorable light to me. I find it difficult to give a distinct account of the origin of my suspicions, because in fact I entertained none until my visit to New York in December.

Accounts were presented by you for services rendered the sinking fund, and these were paid liberally, in the belief that you were not engaged in any profitable business, and that the compensation made you by the State was too small, and I had no other opinion, but that you were disinterested and anxious to promote the interest of the State. When I visited New York in August, I was mortified and disappointed that, instead of trying to aid me in securing the money due from the Morris Canal and Banking Company, you appeared to be much more their advocate, than that of the State, and I also heard hints from Mr.

Perkins and others that you were about to engage in business in New York, but those matters did not, at the time, make much impression on me.

In December, however, I learned that you were a director, and large stockholder in the Staten Island Whaling Company. I heard a Mr. Holly say that you had embarrassed one of the State loans very much, by insisting on bonds being received for that Company. I was told of a large speculation, in the stocks of other States, being made by you, and I have also understood that you are owner of Morris Canal and Banking Company stock.

These matters, together with your long stay in New York, have induced me to believe that I have been, to some extent, led into difficulties, which I would have avoided, had I known what I now suppose to be your true situation in New York.

Your obedient servant,

S. MERRILL.

The original letter contained after "accounts were presented by you for services rendered the sinking fund, and these were paid liberally, in the belief you were not engaged in any profitable business, and that the compensation was too small," the following paragraph: "And Mr. Lanier also, I have understood, under a similar belief, arranged for making you two hundred and fifty dollars on another occasion.

Subsequently I received from Mr. Merrill the following communication:

DR. COE:

Sir—At Mr. Lanier's request, I wish to withdraw all reference, in my letter to you, to the matter in which he was alluded to, and if I keep a copy of my letter in our little book of the propriety of which I expect to judge hereafter, no mention will be made of that circumstance.

Yours,

S. MERRILL.

June 20, 1840.

I suggested, in a return note, his substituting a copy of his letter without that paragraph, which he did, which is the one above copied.

REPLY.

INDIANAPOLIS, JAN. 15, '40.

SIR:

Your communication of the 8th, from such a source, you must know, greatly surprised me.

Full of suspicions, insinuations, and hearsays, chiefly relating to my private business; and so unexpected from a high-minded man, filling the honorable station you occupy—I can account for it only by supposing (which I am unwilling to do) that, now that your loan is unpopular, you are desirous of shifting to my shoulders the responsi-

bility of a negotiation, the credit of which, when made and popular, you seemed sufficiently desirous to secure to yourself, and, despairing of otherwise succeeding, you hope, by insinuations, to create an excitement against me, under cover of which you may escape.

Were I disposed to meet you with your own weapons, it would not be difficult to find abundant ground, in hearsays and reports, to throw back your suspicions and insinuations of speculations and other business while in public office.

Your first intimation is, that the sinking fund commissioners paid me liberally, under the impression that I was not engaged in any profitable business; as though my being engaged in other business should prevent my receiving a fair compensation for services rendered, which had no relation to the duties of my office. As to the compensation, I have always thought the obligation was on the other side, as in 1837, I saved to the fund twelve per cent. premium on eleven thousand dollars interest, payable at the Morris Canal and Banking Company, being \$1,320; and in 1838 succeeded in reducing the commission at the Merchants' Bank, for paying interest on the bank loan, from one to one-half per cent., by which \$237 50 is saved annually to the fund, for the twenty-six years the loan had to run, amounting in all to six thousand one hundred and seventy-five dollars. Besides paying interest and adjusting interest accounts for four years, pasting coupons, &c., and in 1837 purchasing twenty-three thousand dollars in specie; for all which services I received, in 1837, one hundred dollars, and in 1838 one hundred and eighteen dollars and seventy-five cents, (the amount saved in one semi-annual payment of interest which had been remitted to pay over,) making my whole compensation, for the four years' services, two hundred and eighteen dollars and seventy-five cents.

The next intimation which seems in order here is, that Mr. Perkins and others informed you that I was about to engage in business in New York; but this did not make much impression on you till you learned, in December last, that I was a director and large stockholder in the Staten Island Whaling Company; that I had made a large speculation in stocks of other States, and that I owned stocks to some extent in the Morris Canal and Banking Company.

To all this, (as a matter of courtesy merely,) and without enquiring into the truth or falsehood of these reports, and without admitting the right of you or any other person to question me on the subject of my private business,) I reply, that I had a perfect right to make arrangements to settle in New York, if I thought proper so to do; and I consider my right unquestionable, either while commissioner or afterwards, to buy, sell, or hold stocks, of any other State, or of any bank; or to assist in directing a whaling company, so that I faithfully performed the duties of my office, and used none of the funds of the State for my private business. And I have certainly not knowingly neglected any duty, sacrificed any interest, or used a dollar of the funds of the State. Had I done either, it could easily be shewn, since all the contracts made and business performed was either in conjunction with,

or under the direction and with the approbation of my colleagues, and annually reported to the Legislature; and the funds were so placed, and accounts kept, that no money could be drawn, for a single day, but that the use to which it was applied would appear on the books of the board, and must have been known to my colleagues; and these accounts were annually examined by a committee of the Legislature. These accounts are open to your inspection; and I defy the most rigid examination which you or the Legislature can make into them, or any of my official acts. And I may add, every loan I had any hand in making was deemed good at the time, and was on better terms than those of any other State, in comparison with the relative value of the stocks in the European market, and any of them have only become unfortunate by the unexpected disasters of the times, and great fall in the price of stocks.

Had I supposed, at any time, that you would have felt interested in knowing my private transactions, I would, with cheerfulness, long since, have informed you, as I had others, that I had, on my individual credit, made some trades, by which I made some money, and became the owner of some stocks, as I felt I had a perfect right to do; and, if it is any satisfaction to you to know the result, I can say, (but not with pleasure,) that on the disasters of the times, I also lost as well as made, leaving me, I suppose, in these matters, but little better than when I began. If, however, it had resulted more favorably, I will submit whether, in *your* opinion, a man is censurable for success in other business, while at the same time holding an office of the State, provided he uses in such other business not a dollar of the money or credit of the State.

You further state, that you heard a Mr. Holly say that I had very much embarrassed one of the state loans, by insisting on bonds being received for the Whaling Company. This I unqualifiedly deny, or that ever I prevented any negotiation which I supposed it the interest of the State to make, with him or any other person.

Whatever negotiation was had, while I was a commissioner, with a man of that name, was principally by my colleagues, Messrs. Smith and Farrington, who can say if there is any foundation for such a charge.

All these matters, however, appear to me entirely unconnected with *your loan*, of which you say, "When I visited New York, in August, I was mortified and disappointed that, instead of trying to aid me in securing the money due the State from the Morris Canal and Banking Company, you appeared to be much more their advocate than that of the State." And again: "These matters, together with your long stay in New York, have induced me to believe that I have been led into difficulties which I should have avoided had I known what I since suppose to be your true situation in New York."

Before replying to these insinuations, let me remind you of the circumstances attending your loan. On the application of the sinking fund commissioners I attempted to ascertain on what terms a loan could be effected for the million and a half, to increase the bank capi-

tal, and, after some time, succeeded in provisionally arranging terms for a loan, which I believed advantageous for the State, as to which you had the option, in a specified time, of closing or declining it. Had you closed a contract on those terms, without yourself visiting the east, you might with more plausibility have insinuated that I had led you into difficulty. But even then such an assumption would have been unjust, as you had previously been to New York, to examine into the situation of the Morris Canal and Banking Company, and left a large amount of the money of the state bank on deposit with them, and on account of the transactions of the branches of our State Bank with that institution, had occasion ever after, in examining into their business, to have its situation and conduct under your eye.

But instead of relying on my favorable opinion of the Morris Canal and Banking Company, (entertained, I believe, in common with all our commissioners who had dealt with them,) you went to New York, as you stated at the time, to again make a personal examination into their affairs, and satisfy yourself of their trustworthiness; and, when there, allowed the time in which this contract might be closed to elapse, and then made a new contract for a different amount, and on terms somewhat less favorable to the State, both as to time of payment and interest.

But the fact which shows most conclusively that I could not have led you into the contract you made is, that in an interview with the president of the Morris Canal and Banking Company, you proposed to make the contract for a million instead of a million and a half, as named in the provisional contract, to which he readily assented, on condition the remaining half million should not be put in market for a specified time, to which you agreed; and after returning to your room, drew up the form of a contract binding yourself not to offer this half million, during that time, for sale in New York, but stated to me your intention of selling it to the branches, who could then offer it for sale any where they pleased. This I considered a dishonorable course, calculated to injure the fair character of the State, as I understood there is a by-law of the brokers and operators in state stocks, to expose any state agent who acts with duplicity and unfairness in his negotiations, and incites state agents to expose such conduct in stock purchasers, and thus viewing it, I warmly remonstrated against such a course, on which you desired me not again to accompany you to the Morris Canal and Banking Company, stating that I seemed more favorable to their interests than that of the State.

After, as I thought, this ungenerous remark, I took no part, and was never again with you in your negotiation. And when in August, you visited New York, to secure the loan, although you continually invited Messrs. Stapp, Scott, and Fitch, to accompany you in your numerous interviews with the Morris Canal and Banking Company, that invitation was never extended to me.

Still, I felt extremely desirous the State should be secured, and suggested to Mr. Scott every thing, I supposed, might enable him to aid you, and would have cheerfully rendered you every aid in my power,

had you given me the slightest intimation that it would even have been acceptable.

And so far was I from throwing any embarrassment in the way of your obtaining security, I was as desirous as any one could be, that you should obtain it, and strongly urged on the president of that institution the importance of their giving it; and whatever of effect I could make, under the circumstances in which your course had placed me, was made to effect the object of your visit to New York.

I then felt somewhat mortified at your treatment, but now feel thankful to an overruling Providence, which kept me entirely clear of all participation in these negotiations; from the responsibility of which, under a change of circumstances, you seem so willing to escape.

After this retrospect of the circumstances attending the loan, the accuracy of which it will be my part to establish if necessary, it seems hard to conceive how I could have led you into difficulties. What these difficulties were, you do not specify, but suppose you will allege only one, that I influenced you in some way to make the contract.

But if the reason you gave for prohibiting my being present at your negotiations, namely, that I seemed more favorable to the interests of the Morris Canal and Banking Company than to those of the State, was in fact given in sincerity and truth, it would have been fully sufficient to put any man of common prudence on his guard against being influenced in the least in a matter involving so great personal responsibility. Still, were this the case, it might be inquired why *you* made a less favorable contract for the State, than the provisional one I had negotiated.

And the facts of the case are strangely inconsistent with the conclusions of your communication, as well as the discharge of your duty to the State, namely, that at the time of your negotiation, I appeared to you so much more favorable to the interests of the Morris Canal and Banking Company, than to those of the State, that you forbid my being present at the negotiation, and yet claim to have been guided by me in making the loan. And that when you went to New York, personally to examine for yourself, without trusting to my opinion, still you were led by me in concluding the contract.

The true state of the case, in short is, that while in New York, holding no office, and with no stipulation for any compensation for the services I was rendering the State, I, without compensation, negotiated for the sinking fund commissioners, to whom I was under no obligation so to do, provisionally, subject to your approbation, the loan which they had requested Mr. Farrington and myself to make; but to do which, no opportunity had offered while we were in office, and which loan was considered advantageous to the State. You, in consequence, came to New York, and there treated me with marked disrespect, made a different contract on less advantageous terms; and now, when from the disasters of the times, it has become unfortunate, are attempting to throw the odium of its negotiation on me,

and chiefly by insinuations, and suspicions against my character. Of the justice and fairness of this course, I leave others to judge.

Believing however, as I do, that when negotiating the loan you honestly and faithfully made every examination and inquiry in your power, and when afterwards you thought the debt in danger, made every exertion to secure it, and that but for the unexpected depreciation in stocks, it would have been advantageous to the State and creditable to yourself. I should have thought your proper course would have been, instead of an unjustifiable attempt to throw the responsibility on others, to have reported the facts to the legislature, and in confidence of having faithfully discharged your duty, and without seeking as a *favor* the approbation of those whose only desire would be to ruin you, to have relied on your own integrity, and if for a time injustice should be done you in public opinion, the consciousness of having faithfully discharged your duty, would, I should believe, have far outweighed the censures of a world, and whenever it would be best for yourself, you might safely rely, with confidence, on justice being done to your motives and exertions.

Very respectfully yours,

ISAAC COE.

INDIANAPOLIS, July 20, '40.

SIR:

Yours of the fifteenth June did not come to hand until the morning of the sixth July. Absence from home and other business has prevented my replying until now. You are mistaken as to my ever claiming any credit on account of the bank loan in April, 1839. The terms, being the worst the law allowed, were assented to by me with great reluctance, and therefore I have never, either directly or indirectly, claimed any credit for my part in the concern. It is a mistake that I have, either by insinuations or otherwise, attempted to raise any excitement against you. With those who censure me most, any effort to divide the responsibility with you would not excuse me in the least. I have only spoken of the subject to a few friends, and then only for advice or information. It is also a mistake of yours, I believe, that any suspicions of *speculations while in public office* have been attached to me. It is a mistake that I ever proposed, or thought, in any way or manner, that the branches should take state bonds and dispose of them, in violation of the spirit or letter of the contract with the Morris Canal and Banking Company. It is well known to all about the bank, that several of the branches, in 1838 and the first part of 1839, wished to hold a larger amount of state bonds than they then had. The two hundred and ninety-four thousand dollars had not been divided equally, and there was some jealousy on that account. It was then supposed that all the branches might hold, as a permanent investment, about five hundred thousand dollars in addition to the amount on hand.

When I commenced explaining this subject to you, which had been often talked of here, you interrupted me, and the language you used seems to be fresh in your memory.

It seems to me that I explained the matter fully at the time, though I recollect distinctly, that at first I paused in wonder at what could be the *cause* of your singular remarks. As no other person, that I am aware of, ever suspected me of intending to violate a pledge, the manner in which you now recur to the subject does not tend to diminish my wonder. You are again mistaken as to my forbidding you being present at the negotiation in April, or as to my treating you with even the slightest disrespect. You were almost constantly with me. I consulted you at every step, without omitting any other opportunity to obtain information; and I am not mistaken that you could not, at that time, have taken offence at any word or act of mine. But in August, after the meeting at which you objected to all my propositions to Mr. Biddle, and answered the questions which I wished him to reply to, I did say, though without impeaching your motives, or intending to give you offence at the time, that some of the rest of us had better attend afterwards, as you had been too much Mr. Biddles advocate. No one present, I presume, thought me unkind in the remark at the time, as the manner was specially guarded.

I am not aware of having, on any other occasion, in New York, used language of which you could possibly complain.

Whether the allowance of \$218 75 was large or small by Wall-street measurement, for a few hours', or at most a few days' service, I know not; but it would not have been made by the Banking Fund Commissioners but for the belief, from a statement made at the time, that you were engaged in no other business than that of the State, and that the pay by the State was rather small.

The reference to your *private concerns* was made solely that you might deny or explain what had been said about your stock and other speculations.

Each matter by itself had little influence on my mind at first; yet, when they are not denied or explained, and as you seem to admit your arrangements to settle in New York, in the broker's business, it must of course be supposed, that your previous transactions in stock were not few in number. I do not object to the *right* you claim in this matter; yet, if I had known sooner how you were exercising *that right*, your advice and opinions would have had a very different influence with me. I should have received with other eyes your arguments and apologies for Mr. Biddle, and I would not have suffered him to come forward at each successive meeting with worse and still worse propositions for settlement. I am not prepared to say how much blame attaches to you, but I am satisfied that the State could and would have been secured, had I known, in April and August, as much of your transactions as I now understand you to have been concerned in.

Your obedient servant,

Dr. COE.

S. MERRILL.

INDIANAPOLIS, AUG. 7, 1840.

SIR:

YOURS of the twentieth ult., although received in a few days after its date, has remained until now unanswered, because I thought an immediate reply not important. It is, indeed, with considerable reluctance I now reply, as I feel I ought, to some assertions which I notice with much sorrow.

That during the negotiation in April, and before the contract was completed, you did request me not to go with you to the *Morris Canal and Banking Company*, is as strongly and distinctly marked in my remembrance as any past transaction of my life; nor can I, under the circumstances in which it took place and those which followed, conceive how you could possibly forget it. True, no one but ourselves was present; still, there are some attending circumstances which I suppose will convince others that my remembrance is correct.

That after requesting me in April not to attend with you at the *Morris Canal and Banking Company*, I never did go there with you either in April or August. I am also confident, I could not do it after your prohibition. And that the observation which you state you made in August, viz: "that some of the rest of us had better attend afterwards as you had been too much Mr. Biddle's advocate," I am equally certain was never made in my hearing. As you speak of others present, you can name them. As to my objecting to your propositions to Mr. Biddle, and answering for him, as I was never present at your meeting in August, it is of course a *mistake*. With respect to your proposed sale of the \$500,000 to the branches, I understand you to admit your intention of selling it to them, and that I then considered it a violation of good faith with the *Morris Canal and Banking Company*. Had you so sold it, the branches could have offered it for sale in New York, and from the applications some of them had made to sell their portion of the \$294,000, I had evidence that they would so have offered it, which would have been in violation of your understanding with the *Morris Canal and Banking Company*, although you had so worded the contract you had drawn up, it would not in words have done it; and it was against this course that I remonstrated.

From the communications of the Branches with the Fund Commissioners, I should be far from supposing any of them desired to hold more of the \$296,000 stock than they got. If they had so done, they could have been easily supplied from branches that wished to sell.

Your assertion that I seem to admit, having made arrangements to settle in New York in the brokers business is equally a mistake. To your charges that you had heard that I was making arrangements to settle in New York, I replied that without enquiring into the truth of the charge, I had a right to do so, if I thought proper. But no intimation of any kind had been made in our previous correspondence of my entering into the brokers business, and that you may have no pretext for misunderstanding me, I now say that I never had any intention of settling in New York, and never had a thought of going into the brokers business either in New York, or any where else.

Your observations about "Wall street measurement," "the Brokers business" and previous transactions in stocks are, I presume, intended to accompany the Soap Factory slang.

I made no charge against you of speculating, and other things, while holding office, but merely observed that had I been disposed to follow your example, I might have found abundant grounds, in hearsays and reports, to have done so. For the present I have only to say, your denial that there are grounds for the reports, is not very full or distinct.

As to my not manifesting offence at your prohibition, I am not in the habit of noticing every thing intended to be offensive, having lived long enough to learn that there are employments more pleasant and profitable, than seeking quarrels, and I was even in doubt whether to reply at all to either of your letters, and was chiefly induced to do it, from believing my silence under other undeserved abuse had encouraged you to expect impunity in attempting to make me the scape goat to bear any unpopularity which might attach to you from the loan. In this case, however, as the loan was entrusted entirely to you, I should have appeared in rather a ridiculous light in complaining that you would not permit me, who held no state office, to participate in the negotiations.

Your concluding paragraph fully explains your object, to transfer the responsibility of your acts to me, and accounts for the fearful lengths you have gone in endeavoring to change the time of your prohibiting my attendance with you at the Morris Canal and Banking Company, from April to August, an object, which could you secure, would poorly pay its cost. You now state the debt might have been secured, and that in August, when attempting to secure it, you forbid my aiding you. On whom then, on your own statement rests the blame of not obtaining security. And when especially the facts are truly stated, that you came to New York to complete the contract, because you could not rely on my opinion of the Morris Canal and Banking Company, and when then forbid my being with you, because, as you said, I was too much their advocate. This statement, that the debt might have been secured but for me, does not place your faithfulness as a state officer in quite as favorable a light as I think it merits. And I should anticipate that every step you take in this ungenerous undertaking would be but a deeper plunge in inconsistency at least.

Once for all however, I desire to say, that in any thing relating to my private affairs, your enquiries or insinuations are equally impertinent, although by so saying, I am far from admitting, that in any respect they have not been as correctly and as justifiably conducted, as those of yourself or any other person. And that, as to any of my official duties, I have always been and am ready and willing to abide any investigation which any may choose to institute.

Yours,

ISAAC COE.

P. S. As I expect to be absent from home for a time, all I have to request is, that, if you find occasion to say or publish any thing on the subject, you will exhibit my replies with your communications.

New York, September 7, 1840.

ISAAC COE, ESQ.,

Sir :—Your note of the 5th inst., relating to a difference of opinion between Mr. Merrill and yourself, as to the part you took in the negotiation for the million bank loan, made by Mr. Merrill with the Morris Canal and Banking Company, in April, 1839, is now before me. In answer to that note, I will remark that, I understood that you had made arrangements with the Morris Canal and Banking Company to take the whole bank loan of \$1,500,000, subject to the confirmation or rejection of the fund commissioners, or other officers charged with making the loan; and if I recollect right, to make this arrangement binding on that institution, it was to be done by the 20th day of April, of that year.

When Mr. Merrill came to this city, in April 1839, he at once came to the conclusion not to take the whole loan, but wished to modify your arrangement so as to take a less amount. For this purpose, several meetings were had between Mr. Merrill and Mr. Biddle, president of the bank. I think you and I usually attended with them. While these things were going on, I heard Mr. Merrill say, that he had rather you would not attend with him in his negotiations, and afterwards, and before the negotiation was closed, I requested you to accompany Mr. Merrill the next day, and assist him in negotiating the bank loan, as Mr. Biddle had made a new proposition about it, that required some attention. You answered that you could not go, as Mr. Merrill objected to your being present with him on such occasions. I do not know of your being present afterwards, nor do I know any thing about your being with Mr. Merrill in August following, when he was trying to secure the debt. You might or might not have been with him at that time, for aught I know.

Very respectfully,

M. STAPP.

New York, September 23, 1840.

DOCTOR ISAAC COE,

Dear Sir:—You tell me you are informed that I stated to Mr. Merrill, in December last, that Dr. Coe had embarrassed one of the Indiana loans very much, by insisting on bonds being used for the Whaling Company, Staten Island.

I must beg leave to state that Mr. Merrill must have misunderstood me, as until the fracas between Hart and Levy, last winter, I did not know that the Whaling Company had any of the bonds of the State of Indiana. This was the first knowledge I had of the fact, and therefore, I must repeat that I was and am still, ignorant of any transactions of yours, with the Whaling Company; and I further state that I do not know of your having embarrassed any loan of the State by insisting on reserving stock for the Whaling Company, or any other concern.

My negotiations were chiefly with Messrs. Farrington and Smith, and never with you alone, to my knowledge, except we may have met in Wall-street, and passed the compliments of the day.

My negotiations were to control that State stock, and my offer was to that end, with a knowledge that 100 bonds were engaged to be given to the Staten Island Bank.

I am very respectfully, your obedient,

W. HOLLY.

The foregoing is, I believe a true copy of the correspondence between S. Merrill and myself; and also of a letter from Gen. Stapp, and one from Mr. Holly. And I further state, that all the facts stated by me in the correspondence as being within my own knowledge, are, as I believe, strictly true in every particular.

Mr. MERRILL, who had been previously sworn and furnished with interrogatories numbering from 1 to 5 inclusive, submitted his answers as follows.

Interrogatory No. 1.

Whilst you were negotiating for the loan of one million dollars with the Morris Canal and Banking Company, who were connected with you in that transaction, in behalf of the State, directly or indirectly? Give all the matters connected therewith, from its inception to its final close, when you received certain securities from the Banking Company for the non fulfilment of the contract on their part. State whether you, or those connected with you, violated the laws of

the State, and your or their duties. Whether any loans, moneys, compensation, gratuities, or favors, were received by either of you at the time, or afterwards, or if any profits on state funds, either commissions, or brokerage, have been received and not credited to the State, and whether any losses by speculations have been debited the State, which should have been borne by the agents of the state, and whether you or they sold the bonds of the state, without the sanction of all.

Interrogatory No. 2.

State also whether any of the agents of the State of Indiana held stock in the Morris Canal and Banking Company, or any other Bank or Company, with which they had transactions on account of the State, or whether you or they owed money to such banks or companies, and if so, whether your or their interests did not conflict with your or their obligations to the State of Indiana.

Interrogatory No. 3.

State all you know, and all you may have heard which you have any reason to think may be true.

Interrogatory No. 4.

State whether you attribute to Dr. Coe any portion of the responsibility of negotiating the million bank loan with the Morris Canal and Banking Company, and if yea, state the reasons therefor.

Interrogatory No. 5.

State whether you did not notify Dr. Coe during, previous, or subsequent to the preliminaries of said negotiation, that you did not wish him to be with you. If he was with you at said time, state how he came to be so, and all the circumstances in relation thereto.

Answer to questions Nos. 1, 2, 3, 4, 5.

By a provision of law for the increase of the bank capital, the bonds for that purpose were authorised to be sold by the fund commissioners, or the president of the State Bank. In March, and until late in April, 1839, there was no board of fund commissioners, and no sale of bonds for bank stock could be negotiated, but by the president of the bank. Early in April, I was called upon to sign the annexed article marked A, which had been arranged by Dr. Coe in New York, and forwarded here for my signature. After advising with Mr. Farrington, late fund commissioner, and others whose counsel seemed worthy of attention, I concluded to go at once to New York, and sign the article there, if on inquiry and examination it should seem best to do so. I reached New York on the 18th of April, advised with Messrs. Coe and Stapp, examined the sworn statement of the condition of the Morris

Canal and Banking Company, which they had submitted the February previously to the legislature of New Jersey, asked of the president explanations by interrogatories, copies of which are herewith annexed, marked B, and received a reply herewith annexed marked C. I made many other inquiries verbally, both of the officers of the company and others, when Dr. Coe was present, and I also went alone to seek information from Messrs. Doremus, Suydam & Nixon, merchants, Mr. Halsey, cashier of the New York Bank, Messrs. Williams & Perkins of the Ohio Life and Trust Company, Mr. Palmer of the Merchant's Bank, and Mr. Hamilton of Fort Wayne. The information was favorable, except that from Mr. Palmer and Mr. Hamilton. That theirs was unfavorable was accounted for by Dr. Coe, as arising from a prejudice against the establishment of a New Jersey institution in New York. From the 19th to the 24th of April, when an agreement was signed for one million dollars, I visited the office of the Morris Canal and Banking Company repeatedly every day when their office was open, almost uniformly in company with Dr. Coe, and sometimes with Gen. Stapp also; the object on my part being, first to ascertain the safety of the institution, and then to obtain as favorable terms as could be for the State. The following is all I can recollect of the circumstances to which the fifth question seems to refer: On the 23d or 24th of April, when I had determined to sell no more than one million dollars of bonds, and had agreed not to offer the other five hundred thousand in the eastern market for a limited time, I stated my determination to Dr. Coe. He then asked me in substance how I could account to the State for not selling the whole \$1,500,000, when I had an opportunity to do so. I replied the bank would be injured by a larger increase of capital at once, but if the branches must take the whole, it would be better for them to hold state bonds temporarily. He rejoined that for me to sell bonds to the branches would be a violation of my pledge to Mr. Biddle, that I would be brought before the brokers' board, that my character was at stake, &c. Having never conceived the idea of violating the pledge, I was a good deal at a loss to conjecture the cause of his remarks, and the nature of the punishment or disgrace with which I was threatened. I cannot well be mistaken that the only feeling I had was surprise. Another circumstance occurred whether in April, or during my subsequent visit in August and September, I cannot now say, though until Dr. Coe stated that it took place in April, I had not the least doubt but that it had occurred in September. The Dr. had accompanied me to Mr. Biddle's office, and when I asked questions for Mr. B. to answer, the Dr. repeatedly anticipated him, and made the answer when I wished it from the other. This provoked me a little, and when I was to go the next time, I observed in effect that Dr. Coe was too much on their side, and I must take somebody else with me. I recollect distinctly attempting to make the last remark without any appearance of unkindness. It seems to me that both occurrences could not have taken place in April as the former certainly did, and yet I may be mistaken as to the time. Nothing else ever occurred to which the fifth question can refer. I left New York the evening of the 24th of April, and the fund commissioners, Messrs. Stapp and Scott, signed and delivered bonds as I understood to the amount of one million dollars, for which nine hundred and eighty thousand dollars in cash was to be paid in instalments. Early in August, notice was received that the first instalment would not be paid, and as Messrs. Stapp and Scott seemed to treat the bank loan as specially mine, I went on immediately to obtain the surrender of the bonds in security for the debt. After a tedious delay

until the 17th of September, I consented to take security for half the debt, and take back half the bonds in sixty days; with neither of which did the company comply. I returned again to New York early in December, and obtained what I then thought sufficient security for the ultimate payment of the debt. At the close of the session that year, the whole business was taken out of my hands, and though I wrote to Gen. Stapp, and proposed to join him, if I could be of any use, yet as he did not give me to understand that he wished me to come, I did not go. Of the securities taken, twenty thousand dollars was received from the Columbus Insurance Company, nine hundred and twenty dollars from the Mississippi and Arkansas Land Company, and \$2,367 in dividends in the Mobile banks. Of the present value of the securities, I have no means of ascertaining. I think Gov. Noble must be mistaken as to the pier in Jersey City. In the first mortgage the lots on which the pier is built were included. Mr. Lanier afterwards took charge of having the mortgage properly executed and recorded, which he did as he wrote to me. I have not to my knowledge violated any of the laws of the State in these transactions, or my official duty, nor have I received any loans, moneys, compensation or gratuity, profit, commission, or brokerage, in any way for any of these transactions, nor do I know of any fund commissioner receiving any such. What I know from hearsay on which I would rely, has no doubt been communicated by other witnesses before you, to-wit; Messrs. Noble, Farrington, Stapp, &c. In a former reply made before the bank committee, to questions to that effect, I stated in substance as I now do to the questions now proposed, that I am not prepared to allege intended fraud and deception against any one. That I have complained of the conduct of Dr. Coe, and still think some of it was calculated to be injurious to the State, and to draw me into difficulty. I cannot say that I would not give credit to his denial of facts or circumstances, except where, by mistake or failure of memory, he may misrepresent them; but while I go thus far, I should not do justice to myself, nor give a fair answer to the questions, if I did not state the circumstances that influenced my mind unfavorably. He had, while fund commissioner, presented to the sinking fund board claims for services; and these were paid liberally on the allegation that the pay from the State was low, and that he was attending to no other business than that of the State. In the belief that he was the disinterested agent of the State, and that he possessed the means and inclination to obtain correct information, I placed much reliance on the facts which he communicated; but being afterwards informed that he was an owner of stock in the Morris Canal and Banking Company, that he was a large stockholder and director in the Staten Island Whaling Company, and that he had acted as a broker in other matters, and having communicated these things to him and received little or no satisfaction, I came to the conclusion that the proceedings in question tended to bring him into contact with associates not creditable to the fund commissioner of a State, and to a great extent prevented him from obtaining information important to himself and his colleagues. His transactions appear to me calculated to make both the buyers and sellers of bonds wish to deceive him. Under these circumstances it seems to me now that I at least placed much more reliance on his representations than I should have done had I known what I now understand to be the case, as to the various business in which he was engaged.

Interrogatory No. 6.

Did Dr. Coe get up the negotiation and procure the agreement you present as originally had with the Morris Canal and Banking Company, for the bank loan, from his own promptings, or was it done at your instigation or that of any other person?

Answer.

In answer to question No. 6 I state, that at the February session of the Sinking Fund Commissioners, 1839, the following resolution was adopted by the Board:

“That the Fund Commissioners of the State of Indiana be and they are hereby appointed, fully authorised and requested, under the law of the General Assembly of the said State, entitled ‘An act to provide for the increase of stock in the State Bank,’ approved Feb. 12, 1839, to contract on the part of said State for the loan of one and a half million of dollars, for the year 1839, and seven hundred thousand dollars for each of the years 1840, 1841, 1842, 1843, and 1844, at a rate of interest not exceeding six per cent. per annum, redeemable after twenty years and not exceeding thirty-five years, at the pleasure of the State, pledging the faith of the State irrevocably for the payment of the principal and the interest thereon, at such times and places as may be agreed upon by and between said Fund commissioners and the contracting parties for such loans, according to the provisions of said act.”

And the following order was also then and there made:

“*Ordered*, That a copy of the above resolution be signed by the President and Commissioners of the Sinking Fund, and attested by their clerk, and forthwith transmitted to the Indiana Fund Commissioners, at New York.”

The above appears to have taken place on the thirteenth February, and on the same day a copy was forwarded by Mr. Ray, cashier, to Messrs. Coe and Farrington, Fund Commissioners, in New York.

A

MEMORANDUM of an agreement made this thirty-first day of March, 1839, between Samuel Merrill, President of the State Bank of Indiana of the first part, and the Morris Canal and Banking Company, of New Jersey, of the second part, viz.,

The party of the first part contracts to sell, and the party of the second part to purchase so much of the stocks of the State of Indiana as will amount to one million five hundred thousand dollars, or as near thereto as can be made in bonds of one thousand dollars each, at the following rates, and the stock to be either in whole or in part of either of the following descriptions, at the option of the party of the second part, viz.,

1st, bonds bearing six per cent. interest per annum, principal payable at the banking house of the Morris canal and Banking Company, Jersey City, or their agency New York, and the interest payable semi annually, at the same place, for which the price, if taken, is to be at par.

2d, Bonds bearing five per cent. interest, payable principal and interest as above, for which the price shall be eighty-eight per cent.

3d, Sterling bonds, four shillings and sixpence to the dollar, bearing five per cent. interest per annum; principal payable at such house in London as the Fund Commissioners of Indiana shall designate, and the interest payable semi annually at the same place, the price of which shall be ninety-eight per cent.

And the party of the second part contracts to pay therefor as follows, viz.,

One hundred thousand dollars on the first day of each of the following months, viz., July, August, September, and October next,—Amount four hundred thousand dollars,	\$400,000
One hundred and fifty thousand dollars on the first day of each of the following months, viz., November, December, January, February, March, April, and May, next thereafter,—Amount,	1,050,000
And fifty thousand dollars the first day of June following,	50,000
	<hr/> \$1,500,000

together with interest thereon at the rate of six per cent. per annum, from the time the bonds of the State commence drawing interest, and payable at the same time as the interest on the State bonds.

The bonds to be delivered as fast as they can be prepared and executed, and if not delivered by the fifteenth of May next, the payments therefor above named shall be postponed as much longer as the delivery of the bonds shall be postponed after that date. And the party of the second part will, if required, at any time after the delivery of the State bonds above named, issue post notes or accept drafts to the amount, and payable at the several times at which the payments for the stock become due. This agreement to be binding only in case the party of the first part shall execute and return to the party of the second part, on or before the twentieth day of April next, this agreement or a copy thereof.

It is further understood and agreed that this contract is to be at the option of confirmation on the part of the said Morris Canal and Banking Company, should war be declared or very unusually threatened, on the return of this agreement, otherwise to be in full force and effect

E. R. BIDDLE, President.

B

E. R. BIDDLE, PRESIDENT, &C.

SIR:

I wish to have a brief statement of the affairs of the Morris Canal and Banking Company, with some matters explanatory of the general items.

First As to the "bills receivable" and "loans on stocks," what amount of them are actually desperate, and what loss will probably be sustained in collecting the others?

What average payments may be expected to be made on them every month, for the ensuing year?

What portion of them is due by stockholders, what the sums due from them in the character of permanent loans?

What portion of the stock is owned by persons or companies who never borrow, or who make only temporary loans?

Second, As to the amount "loaned by the bank to the canal," will it be increased or diminished the ensuing year?

Third, As to "sundry stocks on hand," what is their market value, and what portion of them does the bank expect to sell within the year?

Fourth, What portion of the sum "due from city and foreign banks and individuals," can now be commanded, and how is the balance stated?

Fifth, When must the sums due the States of Indiana and Michigan, and for advances of Indiana bonds be paid?

Sixth, When must the post notes and Holland loan be paid? and what rate of interest does the bank pay on its loans?

Seventh, Has the bank encumbered any of its property to secure these loans? And if so, to what amount?

Eighth, What receipts for canal tolls are expected to be paid the ensuing year?

Ninth, Who are the directors of the Morris Canal and Banking Company at this time?

C

New York, April 23, 1839.

S. MERRILL, Esq.,

Dear Sir:—In reply to your inquiries, I have to state that it gives me pleasure to afford you any information consistent with divulging such as is not considered by all banking institutions as of a private and confidential character.

As regards loans, bills receivable, and in stocks, I consider them generally well secured, and that no ultimate loss exceeding 70 or \$100,000 will be incurred thereon.

Our average receipts thereon, are over ten per cent. every sixty days, and have greatly exceeded that, since our statement of February 1st, submitted to you.

I think more than one half of our stocks is owned by companies and individuals that never make loans of the bank.

As to the amount loaned by the bank, to the canal, it arises from further improvements made at Jersey City and elsewhere, purchases of real estate, &c., connected therewith.

The sundry stocks on hand are in part railroad stocks connecting the coal region via the Lehigh canal with our works and deemed to be of infinite importance with reference to the future increase of our canal trade; also bank stocks of this city. The latter recently sold at par, and some of the former, but the greater part is of a prospective value, and held firmly by the owners, who confidently look to their being of great value. We consider the whole of the amount due from city and other banks, as available and *good*.

As regards the payments due to the State of Indiana, they principally become due this year, and those to Michigan during the years of 39, 40, 41, 42, and I believe, part in 1843, in nearly equal quarterly payments.

The Holland loan is redeemable at our pleasure, and bears five per cent. interest, and was above par the last advices from Holland,—amount \$740,000, about. The bonds payable in London, are due in 1846, and bear six per cent. interest, amounting to about 1,260,000 dollars. The former is secured by a mortgage on the canal, for the sum borrowed at the five per cent., and the latter is not secured.

The tolls of the canal in 1837, amounted to	\$22,330 30	
	76,864 00	
	<hr/>	\$99,194 30

In 1838, - - - - -	20,313 94	
	48,713 00	
	<hr/>	\$69,026 94

This year we have already made contracts with the Beaver Meadow railroad company, to receive on coal, - - - - -	\$50,000
Hazleton coal company, - - - - -	20,000
And the Lehigh company have the option of	10,000
	<hr/>
	\$80,000

And there is confidently expected, from the great demand for boats to transport wood, iron ore, flour, lumber, grain, &c., that at least \$25,000 to - - - - -	30,000
will be received therefrom in tolls.	<hr/>
	\$110,000

The lessees of the canal have also proffered to us as a final settlement of our claim on them \$200,000 in their stock, or in part thereof a coal tract of one thousand acres, connected by railroad with the Lehigh canal, at the cost thereof of \$80,000.

I merely mention this as an overture to us for settlement, and of course altogether confidential, as it may not be accepted by our board.

With great respect, I am,

Your most ob't servant,

E. R. BIDDLE.

The committee then rose, to hold their next meeting on the following evening, in pursuance to last adjournment.

J. C. EGGLESTON, *Chairman*.

Committee met agreeably to adjournment, in the capitol, on the evening of 1st Jan. at 6 o'clock.

Mr. West absent.

Witnesses not being prepared with answers, and requesting further time, committee adjourned, to the evening of the 3d, to meet in the capital at 6 o'clock.

J. C. EGGLESTON, *Chairman*.

Pursuant to adjournment, committee met in the capitol, on the evening of the 3d January, at 6 o'clock. All the members present.

W. S. S. Gillett being sworn, answered the following questions.

Interrogatory No. 1.

Were you an engineer on the Madison and Indianapolis Railroad, at the time of its location, and prior to that time?

Answer.

I was an engineer on the Madison and Indianapolis Railroad, during the preliminary survey, and at the time the road was located from Madison to Vernon.

Interrogatory No. 2.

What other engineers were in the employ of the State, on said road at the time of the location thereof and prior thereto?

Answer.

The engineers employed on the road at the time of its location, were Messrs. Torbet, Beckwith, Denny, and myself; prior to that period, the engineers had been Messrs. Stansbury, Schenck, O'Driscoll, and myself.

Interrogatory No. 3.

At what grade as engineer did you stand on said road?

Answer.

I was assistant engineer.

Interrogatory No. 4.

What station did Edward M. Beckwith occupy on said road prior to his appointment as resident engineer on said road?

Answer.

He was assistant engineer.

Interrogatory No. 5.

Can you state fully and particularly the circumstances attending the promotion of said Beckwith, and the continuance of yourself and Mr. Torbet?

Answer.

Mr. Torbet was employed as resident engineer at \$2,500 per annum. Mr. Beckwith and myself at \$1,500 per annum. The Commissioner, Mr. Woodburn reduced Mr. Torbet's salary to \$1,500, whereupon he resigned. He reduced Mr. Beckwith's and mine to \$1,000, upon which I resigned, and Mr. Beckwith was appointed in Mr. Torbet's place. Prior to handing in our resignations, Torbet, Beckwith, and myself conferred on the matter, and agreed that we would hold the Commissioner to his contract, or leave the line. Mr. Beckwith was anxious that all should pursue this course, and strongly urged us to united action. My own resignation was not altogether influenced by a reduction of salary: 1st, I believed it my duty at a suitable time to change my profession: 2d, I regarded the commissioner as having been guilty of a breach of faith, in leading me to relinquish my salary in the United States Navy, under the promise of receiving as much from the State, and then without my consent to reduce the annual allowance \$500: 3d, the chief engineer, Mr. Pettit was intemperate, and I thought professionally incompetent. Beckwith had already

shown himself destitute of principle. Not wishing to associate with such men, I took an early opportunity to withdraw from their society.

Interrogatory No. 6.

What was your opinion of *Mr. Torbet* as a man, and as a scientific engineer?

Answer.

I regarded *Mr. Torbet* as a high-minded man, of sterling integrity, and as an engineer equal to any with whom I have been associated.

Interrogatory No. 7.

From the circumstances attending the promotion of Beckwith, and the non-continuance of yourself and *Mr. Torbet*, do you know that John Woodburn had any agency in bringing the matter about, or have you any good reason for believing the same?

Answer.

The reduction of salary, I understood to be the act of the commissioner, Mr. Woodburn, and also the appointment of Beckwith in *Torbet's* place, encouraged by Pettit, as I supposed, who did not seem to fancy *Torbet* or myself. Still Pettit once or twice boastingly spoke of his power to dismiss the other engineers. I did not however regard that power as in his hands. I was verbally appointed by Mr. Woodburn, and verbally tendered him my resignation.

Interrogatory No. 8.

Who decided the location of the said Railroad down the Madison hill?

Answer.

The road, I always understood, to have been located down the hill by Mr. Woodburn, at the instance of Mr. Sylvester Welch, chief engineer of Kentucky.

Interrogatory No. 9.

Was said location made a matter of general consultation by John Woodburn, with the engineers on said road?

Answer.

I never knew of any general consultation being had by Mr. Woodburn with the engineers on said location.

Interrogatory No. 10.

You are requested to state all the particulars in relation to any of the foregoing particulars. And also, whether you know of any frauds or misconduct on the part of any officer, agent, or other person, in the discharge of their duties or otherwise, to the prejudice of the State.

Answer.

The most eligible location for an inclined plane, would cross the present one near the upper end of the first deep cut, the head of the plane being on Mr. Woodburn's land. I carefully surveyed it, formed an approximate estimate, and reported it to Mr. Woodburn. The estimated cost was \$36,000, exclusive of superstructure, suitable only for stationary power. He did not see proper to adopt it. I thought he ought to resign and let some one else locate the plane.

Torbet, Beckwith, and myself, did not approve of the present location, thinking it better to stop on the hill for the present, and in event of the Lawrenceburgh Railroad being completed and taken to the river, the line could be taken to the town with a short plane and stationary power.

However, after Mr. Woodburn and Mr. Beckwith visited and conferred with Mr. Welch in Kentucky, Mr. Beckwith warmly advocated the present location. After Mr. Pettit came on, I think he approved of it.

I know of no fraud on the part of any officer or agent of the State.

The only case of misconduct now occurring to my mind, is the following. In the location of the plane, it became necessary to form a small canal to carry off the water from a valley through which the bed of the road lay. While I was locating this canal, the commissioner, Mr. Woodburn was present, and in a desultory conversation, requested that the canal might be terminated at a point on his land, that would afford a mill seat, instead of continuing it further to the land of another man, where the safety of the road required that it should go, in order to prevent the embankment of the road from being washed by the falling water. The benefit of this water power, I believe to be little or nothing. The request of Mr. Woodburn was not complied with. What was done after I left the road, I do not know.

Interrogatory No. 11.

Could or could not the road have been taken to the Ohio river by a route near Crooked creek, at a less expense to the State than the present route? If so, at how much less expense?

Answer.

The road could not be taken to the river on that route without resorting to an inclined plane.

Interrogatory No. 12.

Where would the road have entered the town of Madison, had the inclined plane recommended by yourself to Mr. Woodburn been adopted?

Answer.

With some little difficulty the road might have entered Main Cross street, and with ease second street.

Interrogatory No. 13.

What do you know respecting any proceedings of Jesse L. Williams, chief engineer, relating to the location of any part of the Madison railroad, or in any way relating to transactions on that road which were inconsistent with his duty as engineer, and injurious to the interest of the State?

Answer.

I know of nothing.

Interrogatory No. 14.

State if you know why the route for the road at the Madison hill was not made the one that you state as being the most eligible, instead of the one adopted? If you do not know as to the above, state any thing you may have reason to believe relating thereto.

Answer.

I know of no other reason why the present plane was adopted over the one alluded to in the question, except it was the advice of Mr. Welch together with the benefits of a moderate grade. It was unaccountable to me that the present plane was adopted. I should think Mr. Woodburn's interest would have led him to adopt the cheaper plane.

Interrogatory No. 15.

State why the route you speak of as an eligible one, is eligible, and its advantages or disadvantages, when compared with the one adopted, and particularly state as nearly as you can, the difference in the costs of the two works.

Answer.

The eligibility of the route referred to, over the one adopted, consists

mainly in the small amount required for its construction. The difference in cost would be over two hundred thousand dollars. A choice of three or four streets would be afforded of entering the town, by adopting the cheaper plane.

Interrogatory No. 16.

Who is the Mr. Welch of Kentucky, of whom you speak as having something to do with the location of the road at the Madison hill? What connection was there between him and Woodburn? and what requital had he for the advice he gave to Woodburn? State any thing you may have reason to believe as to this matter.

Answer.

Mr. Welch was the chief engineer of Kentucky. I know of no connection between him and Woodburn, other than that he was consulted on the subject of the inclined plane. I do not know that he received any compensation for his opinion.

Interrogatory No. 17.

Was there ever a mill on the place you speak of, and if so how long ago?

Answer.

There was some twenty years past a mill on that stream, near by that location.

Interrogatory No. 18.

What inference did you draw at the time, and what is your present impression as to Woodburn being serious in his request to change the location of the canal you speak of?

Answer.

My impression at the time was that he was serious, although it seemed strange that a man of his sagacity should in that way commit himself. I am not fully satisfied at this time he was not in earnest, yet it is quite possible he may have been jesting.

Interrogatory No. 19.

Would the water power have been greater, had you changed the location as proposed by Woodburn, than the water power in the old mill?

Answer.

The fall would probably be three or four times as much as at the old mill.

Interrogatory No. 20.

State whether you did or did not call upon Caspar W. Weaver at Baltimore, for information as to the location of the road at Madison. Did said Weaver recommend the lowest possible grade?

Answer.

I called on Caspar Weaver near Harper's Ferry, by direction of Mr. Woodburn, and he recommended to procure, if possible, a grade of one hundred feet to the mile, and not to exceed that grade, and if possible avoid an inclined plane.

Interrogatory No. 21.

Did you ever know the termination of a railroad where there is less assurance of monopoly than the termination of the road at Madison?

Answer.

As near as I recollect the grade of the road on Ohio street was level opposite five blocks, and at a very moderate rise the residue of the block in the the lower part of town on said street, consequently the owner of property there might have the advantage of the road.

Omer Tousey being sworn, replied to the following questions:

Interrogatory No. 1.

State all you know relative to any payment or gratuity having been made to Dr. Coe, whilst he was fund commissioner, by the Lawrenceburgh and Indianapolis Railroad Company, and whether he did or did not claim that or any other sum of said company, and what reason had he for making said claim: also state the amount paid, or which he received, directly or indirectly.

Answer.

In the fall of 1836, the Lawrenceburgh and Indianapolis Railroad Company assigned to the State of Indiana bonds and mortgages, the precise amount not now recollected, and received from N. B. Palmer, the then Treasurer of State, an order on the fund commissioners, for 100,000 dollars of five per cent. Indiana state bonds. In the month of October, 1836, as agent for the company, I visited New York with directions to receive said bonds and make sale of them in the New York market. After waiting there nearly a month, the bonds were filled up, and prepared for issue, and through the agency of Dr. Coe, one of the fund commissioners, a sale at par on six or seven months credit, bearing five per cent. interest, was negotiated with Messrs. Cohens of Baltimore, or Messrs. Cohens of Baltimore and Josephs of New York. Pending the negotiation however, and previous to a final confirmation of the sale, I informed Dr. Coe that I must realize funds for the whole amount of the sale before I left the city, to enable me to make a purchase of

railroad iron, and to meet the company's liabilities to contractors; and proposed to make a discount at the rate of ten per cent. interest for the time the the credit had to run, if he could procure the arrangement to be cashed forthwith. The business was finally closed agreeably to the terms of my proposition, and the amount due the company paid me by Dr. Coe in checks drawn I think in his favor on the Merchant's Bank of New York, and on the bank of Messrs. Cohens, Baltimore, conditioned that the amount drawn from Messrs. Cohen's bank, seventy-odd thousand dollars, should be taken in their paper and circulated west of the mountains.

Having no data, I state from recollection and may be mistaken as to the exact dates and amounts.

Interrogatory No. 2.

Please state whether Dr. Coe did or did not receive the difference between the five per cent. and the ten per cent. and what that difference would be, or nearly so, and your inference if any you had, for so thinking.

Answer.

The difference would, I think, have been some \$2,700. I cannot say positively that Dr. Coe realized that amount of profit from the transaction. My impression was from various circumstances that he did.

George Givans being sworn deposed in answer to the following interrogatories:

Interrogatory No 1.

Are you secretary of any insurance company in Madison? if so, state of what company you are secretary.

Answer.

I am secretary of the Madison Insurance Company, of Madison, Indiana.

Interrogatory No. 2.

What funds have been deposited with your company during the past year by the fund commissioner, or any other person whatever for him, for the use or construction of the Madison and Indianapolis Railroad?

Answer.

Mr. Stapp, fund commissioner, deposited in the office of the Madison Insurance Company, the following kinds of funds, but for what purpose I never knew, other than for safe keeping, and drew the same out himself, and by his agents, as follows:

<i>Dr.</i>	<i>M. STAPP, Fund Commissioner.</i>		<i>MADISGN INSURANCE COMPANY,</i>	<i>Cr.</i>
April 20, 1840,	To Check, self, Circleville,	\$500 00	By Circleville Money,	\$6,860 00
" 30, "	" " "	2,300 00	Binghamton Post Notes,	12,000 00
May 5, "	" Jos. H. Manhattan,	1,000 00	Manhattan money,	3,000 00
" 6, "	" H. Mafit. Man.	1,000 00	Circleville money,	22,155 94
Feb. 20, 1841,	" Madison Company,*	1,540 00	Western New York ditto,	515 00
" 22, "	" Binghamton notes,	12,000 00	\$50 bills State scrip,	1,950 00
" " "	" Self, Circleville,	10,000 00	Ditto	1,000 00
" " "	" by J.K.W. Woodburn	2,000 00		
March 1, "	" M. Brown, Circleville	12,000 00		
" 5, "	" by J. K. self agt.	1,520 00		
" 8, "	" by W. H. J. W., N.Y.	515 00		
" 18, "	" \$50 State scrip, self,	2,950 00		
June 10, "	By Balance,	155 94		
" "		\$47,430 94		\$47,480 94

* The Madison Company above referred to is not the Bond Company only.

Committee then adjourned, to meet on the evening of the 4th, at six o'clock, in the capitol.

J. C. EGGLESTON, *Chairman.*

Pursuant to last adjournment, the committee met in the capitol, on the evening of the 4th, at six o'clock.

Mr. Baird absent.

Nicholas McCarty having been sworn, answered the following interrogatories :

Interrogatory No. 1.

Did you or your colleagues, or either of them, as fund commissioners, while receiving compensation from the State for negotiating loans for the State, on account of any of the public works, also receive compensation from the State Bank, or commissioners of the sinking fund, or any other source, for negotiating loans for that institution? If so, state particularly all the facts connected with said or any such transaction.

Answer.

I refer to the reports at various times made to the Legislature, by the fund commissioners; and also refer to a report made in the House of Representatives, as a call on my part, (in consequence of some expressions used by a member of the House,) to have my official acts while fund commissioner investigated.

Interrogatory No. 2.

Did you or not, while acting as fund commissioner, make use, either directly or indirectly, in any way whatever, of the funds of the State, in purchasing merchandise, or canal land scrip, in New York, Washington, or elsewhere?

Answer.

No.

Interrogatory No. 3.

State more particularly than you have in your answer to second interrogatory heretofore put to you, all you know, and all from in-

formation you believe to be true, relative to any agent of the State having profited in any manner by the use of the bonds of the State, or by making exchanges, or otherwise, either while you were fund commissioner or since your resignation.

Answer.

I can answer no more particularly than in my former answers, except to say explicitly, there was no use made of the bonds of the State by those associated with me, or myself during my services as fund commissioner for individual use or benefit. As to the course of fund commissioners, in respect to the use of bonds since, I have no other information than such as has been communicated to the Legislature by those officers, which I have not fully read or investigated, and therefore do not feel justified in expressing an opinion.

The following injunction was offered by Mr. Chamberlain, to NICHOLAS McCARTY:

In your reply to the following interrogatory of the committee, to-wit:

“Did you or your colleagues, or either of them, as fund commissioners, while receiving compensation from the State for negotiating loans for the State, on account of any of the public works, also receive compensation from the State Bank, or commissioners of the sinking fund, or any other source, for negotiating loans for that institution? If so, state *particularly* all the facts connected with said or any such transaction”—you make the following reply, to-wit:

“In reply to the first question put by Mr. Chamberlain, I refer to the reports made at various times to the Legislature by the fund commissioners, and also refer to a report made in the House of Representatives, on a call, on my part, (in consequence of some expressions used by a member of the House) to have my official acts while fund commissioner, investigated.”

This answer to an interrogatory requiring you to state *particularly* all the facts connected with any such transaction as that referred to in the interrogatory, is entirely unsatisfactory to the committee, being a mere indefinite reference to numerous reports made to the Legislature by the fund commissioners, and a certain report made on a certain call on the House of Representatives by yourself, without either pointing the committee to the date of the reports referred to or their contents.

You will now please state *explicitly* all the facts relative to the matters referred to in the above interrogatory, and state particularly the nature and amount of the compensation thus received, and of the services rendered as an equivalent.

Answer.

In reply, I have to say that, under the law creating the first board

of fund commissioners, they were required to enter into bonds of fifty thousand dollars, and to negotiate loans for the Wabash and Erie canal, for which they were to receive a compensation of two dollars per day. When the act passed to establish a State Bank, they were required to enter into additional bonds, and perform the additional service of negotiating loans for the State Bank, for which they received the same daily compensation as for negotiating loans for the Wabash and Erie canal; and the portion of the time they were employed in negotiating loans for the Wabash and Erie canal and the State Bank, charged to each two dollars per day, and their necessary expenses were paid also, and I believe divided in charge to the canal fund and to the bank fund; and that part to the State Bank was submitted to the brokers' offices for passing on it. The State directors, or sinking fund commissioners, the amount I am unable to state from recollection, but the accounts of each fund commissioner was settled upon the principles stated above. I have no papers in my possession in reference to the matter, and cannot state the amount of compensation each one received, nor the amount in the aggregate. But this can all be learned from the books of the office.

John King, being sworn, replied to the following interrogations:

Interrogatory No. 1.

Did you act as the agent of the Board of Internal Improvement during the past summer? Did you or did you not make a contract with Josiah Weyer, for spikes for the Madison and Indianapolis railroad? If so, state who employed you to act in that matter, and what were the terms of the contract?

Answer.

I did not act as the agent of the Board of Internal Improvements. I did make a contract with Josiah S. Weyer, and which is on file before the committee. In making this contract I acted at the request and under the direction of Thomas Morris, resident engineer, and, as I supposed Mr. Morris acted for and by direction of the Board of Internal Improvements, and for the purpose of enabling the board to elect the most favorable mode of payment, I made and signed the contract as I did.

Interrogatory No. 2.

When you made the contract for spikes with J. S. Weyer, (for which he was paid in bonds, at twenty cents per pound,) did you act as agent of the Board of Public Works, or as the agent of Noah Noble, or any other fund commissioner; and did the Madison Company make any thing, in any way, directly or indirectly through the transaction; and, if not, state who, if any person, or persons, or

company, or corporation was benefited by the transaction, and if so to what amount?

Were these bonds ever deposited with the company by the fund commissioner? If so, state how long they were thus deposited, and for what purpose. Were they or were they not the same bonds deposited with the company under the provisional contract made the tenth of October, 1839, between said company and the fund commissioners, Stapp, Lewis, and Scott?

Answer.

My answer to the first part of this interrogatory will be found in my answer to the first question. The Madison Company did not make any thing in the transaction, nor any other person, company, or corporation, so far as I know. There never were any bonds deposited or left with me as agent for the fund commissioner. For a statement of the number and object, see my answers to Nos. 7 and 8.

Interrogatory No. 3.

Were these bonds treated as the property of the company for a long time? Were they considered as part of the capital of said company, and traded on as such? Who placed these funds in your hands to pay Weyer?

Answer.

They were never treated as the property of the company, nor were they ever so considered by them. The company, as such, never had any capital, nor did they need or wish any, not being formed for any other purpose than to facilitate or continue the progress of the Madison road.

Interrogatory No. 4.

What amount of bonds have been handed over by the fund commissioners, or any of them, on account of the four hundred thousand dollars appropriated to the railroad?

Interrogatory No. 5.

Were any of the bonds so deposited returned to the State? If so, what amount and why?

State the amount of work done on the road since the first payment for the same by means of said bonds, including the work so paid for by said payment. State the amount of work now unpaid for.

Did the work or materials paid for in bonds cost the State more or less than cash, estimating the bonds at eighty-eight cents to the dollar?

Answer.

No bonds have been handed to the company by either of the fund commissioners. All that have been used by the company (except six paid by Gov. Noble, in New York, to the contractors or their order) were left with me as agent of the fund commissioner, and are stated in my answer to the seventh and eighth questions. These bonds referred to do not refer any part of them to one hundred and eighty sold by Gen. Stapp in New York, for the State, in December, 1839, I think, whilst he was fund commissioner, and which sale our company did afterwards, by special written contract, dated Jan. 30, 1840, take. These one hundred and eighty bonds were reported to the Legislature, last session, by Gen. Stapp. None were returned to the State.

The amount of work done I do not know; neither do I know the amount of payments, neither before nor since bonds were paid on the road; neither do I know the amount of work unpaid for on each of these points. I suppose the committee may obtain correct information from the Board of Internal Improvement or Fund Commissioners.

The contracts for embankment on the plane and for laying down the track on the same and to the river, and also for laying down the track this side of Vernon, were all made by the board, or a member of it, as I have understood, to be paid in bonds at eighty-eight cents to the dollar; but at what prices the work was let I do not know, having never seen any of the contracts. For all the work this side of Vernon (except the laying track) the contracts were made for cash, under Noah Noble's supervision, when he was a member of the Board of Internal Improvement, and which were never relinquished, and under which the contractors went on, and all the bonds applied to the payments were credited to the State at eighty-eight cents to the dollar.

Interrogatory No. 5.

Did you not say, on a former occasion, to the committee, that said or certain funds were deposited with the company, or for their use?

Answer.

I stated, or so intended to state, to the committee, that said bonds, alluding to those in my seventh and eighth answers, were deposited or left with me, or in my custody, to be used in payments of estimates on the road.

Interrogatory No. 6.

If no individual or company made any thing by the said negotiation for spikes, who if any person or persons, lost by said operation the difference between the cash and bond price for said spikes?

Answer.

The State, as I stated before, paid the twenty cents in bonds, at their face, for said spikes, but if they had paid cash they would have been at ten cents.

Interrogatory No. 7.

From whom did you get the bonds that you paid J. S. Weyer for spikes?

Answer.

I reported to Gov. Noble, when he came into office fifty-nine bonds, which were in my charge, as agent for the fund commissioner, and which he afterwards left with me as agent for N. Noble, fund commissioner, and afterwards Gen. Stapp handed me thirty bonds which were as the others left in my custody as agent for the fund commissioner, and out of these the two bonds given Weyer were taken.

Interrogatory No. 8.

How did you become possessed of the 59 bonds above spoken of, and for what purpose?

Answer.

Our bond company had a contract, as you have seen, with the State for the purchase of bonds, and on which contract we had the privilege of taking such number as we could dispose of at such price as not to bring them below what we were to pay the State for them. Gen. Stapp in the spring or summer of 1840, left one hundred bonds in the Madison Savings Institution, in the care of Mr. Hendricks, jr. These bonds were deposited as above stated, and Gen. Stapp made me agent for the fund commissioner, and gave me the power to draw those bonds and hand them to contractors, as estimates were made. When they were so used, I charged them to the bond company, on their contract with the State. In this way forty-one of the one hundred bonds were paid to contractors, which were so reported by Gen. Stapp in his report to the legislature last winter. The balance, being fifty-nine, were the bonds referred to in my seventh answer, and were I think all or nearly all used in the same way, in payments on the road, and when so used were always charged to the company, and credited to the State, at eighty-eight cents to the dollar, and for all of which I received from the present fund commissioner, in relation to paying bonds for estimates, which if the committee wish I will furnish them a copy, which may perhaps enable them to understand the state of the matter better; said copy is herewith appended, and is part of my answer, marked A.

Know all men by these presents, that I, Milton Stapp, Fund Commissioner for the State of Indiana, have appointed John King, of the town of Madison, to disburse money and make payments to contractors and others on the Madison and Indianapolis railroad, hereby in-

vesting him with full powers to check for any money I may have in the Madison Insurance Company for that purpose.

Given under my hand, this thirtieth day of April, 1840,
MILTON STAPP, Fund Commissioner.

JOHN KING, Esq.

I will be glad to continue your services as agent of the Fund Commissioner of the State; and being informed that you cannot procure funds to meet the payment in cash to contractors, to-morrow, in consequence of the application of the funds received from the railroad bonds to other purposes, by Gen. Stapp, you are authorised to obtain a loan of treasury notes, for thirty or sixty days, which shall be refunded from other available means, which I know I can apply.

N. NOBLE, Fund Commissioner.

4th March, 1841.

Note. "Received of N. Noble sixteen thousand seven hundred and eighty dollars, handed me to be employed *as I am directed by M. Stapp, Esq. fund commissioner.*

6th June, 1840.

JOHN KING, for

M. STAPP, F. Com'r."

At the request of N. Noble, the foregoing copy of a receipt, set out in the testimony before the committee of the House of Representatives, is entered as a note of reference, with the understanding that as it was not given as testimony in the proceedings of the *Senate's committee*, it is not to be viewed as such.

"NOTICE TO CONTRACTORS.—Under the authority of two joint resolutions of the present General Assembly, the Board has directed the acting commissioner to '*settle up in full with the contractors of the State,*' at the contract prices, including the ten per cent. heretofore reserved, and any other item (such as extra work) for which they may be entitled to pay, and to give to said contractors, each, a certificate for the amount due, bearing interest at the rate of six per cent. But as the certificates that may be given will be transferable, and as many of the contractors are not citizens, and may wish to leave the State, for the security of laborers and all others having claims upon them, the commissioner is authorised to withhold for their benefit, all adjusted demands that may be presented for that purpose. To enable the commissioner to carry into effect the provisions of the enactments alluded to, the Resident Engineers will prepare all the estimates in season, and to hasten the final adjustment of all the claims contemplated. *it will*

be well for the contractors to furnish an abstract of all debts due to laborers, farmers, merchants, and others, which they may wish to settle in the manner provided for by law."

A

The parties to the prefixed contract having refused longer to continue it and thereby incur the liability imposed by the special act in behalf of J. H. Hendricks, and having notified me of that determination, I have concluded it better to continue the arrangement than to rescind it, leaving the work now doing without provision for payment, and affording the contractors an opportunity to surrender the work and claim damages; and therefore said contract is extended to the first day of December, with the express understanding that the bonds or their proceeds are only to be applied to a continuation of the payments of estimates hereafter made by the engineers, on the terms and in the manner agreed upon heretofore with the contractors, and that the within obligors have the privilege of returning any remainder of the bonds, on or before that day, which may not be so applied. In like manner the undersigned reserves the right of rescinding said contract on or before said first December. It is further stipulated by the undersigned, that the bonds are to be prepared and delivered to the parties from time to time, as the progress of the work may require, and to no greater extent.

N. NOBLE, Fund Commissioner.

Madison, 5th March, 1841.

Omer Tousey submitted his answers to the following interrogatories:

Interrogatory No. 2.

State any facts which you think important in explanation of the facts stated in your examination last evening.

Answer.

In my answer to the first interrogatory, last evening, I stated that the sale of one hundred thousand dollars of Indiana bonds, sold by Dr. Coe, for the railroad company, were sold to the Cohens or Josephs. I spoke from a five years' recollection, and Dr. Coe has satisfied me that I was mistaken, and that the sale was made to Biddle & Co., or the Morris Canal and Banking Company.

Interrogatory No. 4.

Did you endeavor to get the papers obtained for the \$100,000 of Lawrenceburgh and Indianapolis railroad bonds cashed without success in New York? And did you or not offer at the rate of twelve per cent. per annum to get it discounted? And was or was not Dr. Coe's undertaking to get it discounted for you at ten per cent, per annum considered a favor?

Answer.

My object was to get the bonds cashed on the best possible terms. Cannot recollect what offers were made, but recollect distinctly that I felt much accommodated and much obliged to Dr. Coe for getting the credit sale of bonds cashed on the terms named in my answer to the first interrogatory.

Interrogatory No. 5.

Was the State of Indiana interested in the sale of the \$100,000 of bonds issued for the Lawrenceburgh and Indianapolis railroad?

Answer.

I am not aware that the State had any interest in the sale of said bonds.

Interrogatory No. 6.

Did Dr. Coe charge any compensation or commission whatever for negotiating the bonds alluded to in previous question?

Answer.

I do not recollect that any specific charge was made for negotiating the sale.

SAMUEL CRANFORD being sworn, answered the following questions.

Interrogatory No. 1.

Did you sell to any person castings and spikes for the use of the railroad? When was that sale?

Answer.

We made castings and spikes for the use of the Madison and Indianapolis railroad. The bargain was made the latter part of August, 1841.

Interrogatory No. 2.

State when and how you were paid, and at what price, and to whom you sold them.

Answer.

We delivered them principally in September, were paid for them in a State bond at its face. The price of castings was six and a half cents per pound. The price of spikes was twenty cents per pound. The bargain was made with Mr. Morris and Mr. Woodburn.

Interrogatory No. 3.

What would have been the cash prices of these castings and spikes, had you received cash instead of bonds?

Answer.

The cash price for castings was three and a half cents per pound, and for spikes ten cents.

Committee then adjourned, to meet again on the evening of the 5th, at 6 o'clock, in the capitol.

J. C. EGGLESTON, *Chairman.*

Committee met agreeably to last adjournment, on the evening of the 5th Jan. 1842, in the capitol, at 6 o'clock.

All present.

GENERAL LONG being sworn, submitted his replies to the following interrogatories:

Interrogatory No. 1.

When did you become a member of the board of internal improvement? How long did you serve as such, and who were members of the same board with you?

Answer.

I was appointed a member of the board of internal improvement in 1836, and continued in service until March, 1839. My colleagues were Messrs. Maxwell, Burr, Lewis, Johnson, Blake, Woodburn, Hall, Clendenin, Clark, Yandes, Morrison, and Graham.

Interrogatory No. 2.

What plan was adopted by the board of internal improvement, as to out-lays on the public works? What reason operated on the board, to induce them to undertake all the works at one time?

Answer.

The plan adopted by the board, at its first meeting, was, to put under contract such portion of the public works, as would soonest be productive to the State. It was not at that time, contemplated to put under contract different portions of the individual works, but in consequence of the urgent demands of the people along the lines of the several works presented by their representatives in the Legislature, the board were induced to change the original plan, and commence operations at different points on the several lines.

Interrogatory No. 3.

Was the commissioner resident on a given work made superintending agent of that work? How were funds supplied him from time to time, to meet his disbursements, and how often did he account to the board for his out-lays on the work which he superintended? Speak as to the manner in which the members of the board drew for the funds, and what checks were imposed on overdrawing?

Answer.

The commissioner resident on a given work, was appointed acting commissioner on that work. Each acting commissioner was authorized to draw upon the fund commissioner for the amount to be disbursed, and annually settle with the board. Upon estimates of the engineers, the acting commissioner gave drafts upon the fund commissioner with the estimate attached, taking triplicate receipts. At the annual settlements, these drafts and estimates were examined and carefully compared. The acting commissioners were also authorised to draw in the same manner for contingent expenses, taking triplicate receipts, all which were presented to the board.

Interrogatory No. 4.

State whether any member of the board, and if so, what member, derived any advantage or profit by the use of the public funds; or whether you had any information, and if so what, which would induce you to suppose that any member of the board of internal improvement used any of the public funds for his private profit, or delayed to account for the same at a proper time.

Answer.

I have no knowledge, that any member of the board used the funds of the State, for his individual benefit, except in the case of David Burr. Mr. Burr was discovered to be a defaulter, and the fact was promptly reported to the legislature. Some delay occurred in the settlement of the account of James B. Johnson, the reason for which, I do not recollect.

Interrogatory No. 5.

State what information you have, if any, which would induce you to believe that the location of any public work, or part of same, had been made or changed with a view of enhancing the value of the private property of any member of the board of internal improvement, or of the members of the engineer corps?

Answer.

I have no knowledge, nor have I any information inducing me to believe that any location was made or changed with a view to enhance the value of the private property of any member of the board or of the members of the engineer corps, or any individual connected with the public works.

Interrogatory No. 6.

State what information, if any you have, which would induce you to believe that the members of the board of internal improvement, or any member of the same, were governed or influenced in the lettings made by them by views of private interest, contrary to the public good.

Answer.

I have no knowledge or information inducing me to believe that the members of the board of internal improvement or any member thereof were governed or influenced in their lettings by any such views.

Interrogatory No. 7.

State any information you may have tending to show that any of the superintending officers of the public works were guilty of accepting bribes or conniving in any way at the practice of defrauding the State by allowances to contractors of more than they were entitled to by law.

Answer.

I have no knowledge or information on the subject, except in the case of E. M. Beckwith, resident engineer on the Madison and Indianapolis railroad. Beckwith was arrested on a charge of defrauding the State after my term of office expired.

Interrogatory No. 8.

Who was the acting commissioner on the Madison and Indianapolis railroad when the Madison hill or deep diggings were put under contract?

Answer.

The acting commissioner on the Madison and Indianapolis railroad was John Woodburn.

Interrogatory No. 9.

Is the property of either member of the board of internal improvement dyked or defended from the freshets of the Ohio river by the Madison road beneath the deep cut? If so, whose property is thus defended?

Answer.

I have no knowledge whatever of the matters embraced in this interrogatory.

Interrogatory No. 10.

Did the interest of the State demand a thorough cut through the Madison hill? Would or would not a tunnel have been cheaper, and what advantage is it expected that the lettings of that cut is to be to the State? What is the total cost of that cut and the embankment and culvert beneath the hill? State all the information you have on this subject.

Answer.

The present location of the road at the Madison hill, adopted by Mr. Woodburn, acting commissioner, was confirmed by the board upon the representations of Mr. Pettit, chief engineer, and disinterested engineers of other States. The subject of a tunnel was considered by the board, but the deep cut was adopted for the reasons above stated. The advantages as well as the cost of the cut, embankment and culvert beneath the hill, will be found in the reports of the officers having charge of that work during the last year.

Interrogatory No. 11.

By whose directions and on whose recommendation was one Beckwith employed as an engineer on the Madison and Indianapolis railroad, and when and for what was he dismissed?

Answer.

I am informed that Beckwith was appointed resident engineer on the Madison and Indianapolis railroad by Mr. Pettit, chief engineer on roads, by whose recommendation I know not. I am also informed that said Beckwith was removed for corrupt and fraudulent conduct in the spring or summer of 1839.

Interrogatory No. 12.

How long had said Beckwith been engaged in receiving bribes for false and fraudulent estimates before detection? How was his rascality discovered and by whom?

Answer.

I have no knowledge of the matters embraced in this interrogatory, my term of office having expired before his villainy was discovered.

Interrogatory No. 13.

What reason have you, if any, for believing any member of the board of internal improvement or chief engineer, fraudulently at any time connived at the allowance of higher wages to contractors than the contract price, or connived at lettings being made at a higher rate than the market price for such work?

Answer.

I have no knowledge of any such connivance at fraud on the part of any member of the board or chief engineer.

Interrogatory No. 14.

Did any member of internal improvement at any time make lettings to a greater extent than advised by the board? If so, state who, and what those lettings were.

Answer.

I am informed that Messrs. Woodburn, Maxwell, and Morrison exceeded in their lettings, the limit authorised by the board. The same

opinion has been generally entertained with regard to myself. The following statement of facts is respectfully submitted to the committee :

The board ordered to be put under contract that part of the White Water canal, between Lawrenceburgh and the feeder dam, next above Brookville, as will be seen by their report of the 17th December, 1836. In pursuance of this order, I proceeded to let the works from Lawrenceburgh to Brookville, in August or September, 1836, and so reported to the board. A short time previous to the completion of the contracts between Lawrenceburgh and Brookville, the line between the Cumberland road and Brookville was established, and the feeder dam next above Brookville located near Laurel, fourteen miles above. In the winter of 1837—38, after the location of the feeder dam referred to, the following order was issued by the board :

“Resolved, That the acting commissioner on the White Water canal, be directed to place under contract such portions of the White Water canal, between that now under contract, and the Cumberland road, as in his opinion will best promote the interest of the State; the amount not to exceed 300,000 dollars over and above that portion not yet under contract, heretofore authorized to be let.”

It will be observed, that by the former order of the board, I was authorized to place under contract that part of the White Water canal between Lawrenceburgh and the feeder dam next above Brookville; and by the latter I was *directed* to place under contract such portion between the Cumberland road, and that portion heretofore authorized to be let, as in my opinion would promote the interest of the State, not exceeding in amount 300,000 dollars. Under these orders of the board, I made all my lettings on the canal.

The amount of work let between the Cumberland road and the feeder dam referred to, did not exceed 300,000 dollars. The whole amount appropriated to the construction of the White Water canal, by the act of 1836, was 1,400,000 dollars. The amount placed under contract up to the expiration of my time of service, was \$1,175,133, as will be seen by the report of the board, of 21st Dec. 1838.

Interrogatory No. 15.

State what allowances were made, while you were on the board, to members thereof for extra services and expenses, and what reason if any, you have for believing that such allowances were excessive. Please refer to such records and memoranda as will aid you to answer this question.

Answer.

Allowances were made to members of the board for extra expenses incurred in travelling in the services of the State. I have no reason to believe those allowances excessive.

Interrogatory No. 16.

How much authority did the board delegate to the separate members thereof in superintending their respective works, and were their acts in making lettings, &c., regarded as obligatory on the board?

Answer.

The board authorised its members, as acting commissioners, to make lettings on their respective lines, but in no instance to exceed the amount appropriated by law.

Interrogatory No. 17.

What reason have [you] for believing that any of the lettings were secretly or unfairly made by any member of the board, with a view of securing a profit to himself or his friends?

Answer.

I have no reason to believe that any of the lettings were secretly or unfairly made by any member of the board, with a view of securing a profit to himself or his friends.

Interrogatory No. 18.

What contracts, if any, were taken on the public works by members of the board? At what prices, and was there or was there not in the taking of such contracts, a fair competition among bidders?

Answer.

I know of no contracts on any of the public works, having been taken by any member of the board, unless the water power at Indianapolis, taken by Mr. Yandes, be so considered.

Interrogatory No. 19.

Were any members of the board, at any time, secretly interested in any lettings by them made on the public works? State any information you may have touching this matter.

Answer.

I have no knowledge or information whatever, of any secret interest of any member of the board, in lettings by them made.

Interrogatory No. 20.

Was any member of the board of public works, or any engineer engaged on the same, at any time, either directly or indirectly engaged in any speculation in lands or town lots, on the line of the public works, or any of them? State what information you have on that subject.

Answer.

Previously to my appointment as a member of the board of internal improvements, I held an interest in a tract of land near the White Water canal. After the line was located, I disposed of my interest, a short time before my term of service expired, and after the location of the canal, I took an interest in the purchase of some property at Evansville.

Mr. Holman, resident engineer on the White Water canal, purchased a house and lot in Brookville, for a residence, and afterwards sold it, and purchased again in Connorsville.

Interrogatory No. 21.

State particularly whether the railroad at Madison could not have been taken down the hill on a cheaper route, and equally advantageous to the State, and whose private interest in any manner is most particularly benefited, or intended to have been benefited by the adoption of the present route?

Answer.

I know not that the private interest of any person was benefited by the adoption of the present route. My further answer is embraced in my reply to the tenth interrogatory.

Interrogatory No. 22.

While acting as canal commissioner, or as a member of the Board of Internal Improvement, inform the committee whether you applied the money of the State, or the use thereof, in any way to your own benefit, or as capital in trade, or to speculate upon in any way?

State also whether you have ever bought up the estimates of contractors at a less price than their face, or the amount for which they were given.

State all you know and all you have heard, which you may have any reason to believe may be true, in relation to all, or each, or any of the above particulars, and relative to any other canal commissioner or fund commissioner, or member of the board of internal improvement, or any other person or persons in any way in the service of the State; and if any, state of whom, what extent and amount?

Do you know of any instances in which the funds of the State have been, either directly or indirectly made use of to purchase, at a discount or otherwise, the depreciated paper of the banks of Michigan or any other State, with which to pay contractors or laborers on the public works, or any of them? If so, state particularly who, whether individuals, companies, or corporations; and to what amount, and to whose benefit. State all you have heard which you have good reason to believe to be true, in reference to any or all of the above particulars.

Answer.

I never made use of the funds of the State in any way to my own benefit, nor did I ever purchase the estimates of contractors at a less price than their face, or the amount for which they were given. I have no further knowledge or information in relation to the above particulars, except as before stated.

I have no knowledge of any instances in which the funds of the State were used in the purchase of depreciated paper with which to pay contractors or laborers on any of the public works. In one or two instances the Lawrenceburg branch paid out to contractors some small amount of Goodman's checks.

Interrogatory No. 23.

Did you, while acting as a member of the board of internal improvement, draw a draft for \$10,000 in favor of the Lawrenceburgh branch bank on the fund commissioner?

Answer.

In 1836, I think in September, I drew upon the fund commissioner for \$10,000, under the impression that the regulations with respect to disbursements on the Wabash and Erie Canal were still in force, the funds being then paid to the canal commissioner, and by him disbursed. The draft was dishonored by Dr. Coe. I was then left without means to aid contractors or meet contingent expenses. Under these circumstances I made use of my own funds and credit for the above named purposes.

Interrogatory No. 24.

Did you subsequently, in the same year, draw a draft on any of the fund commissioners for a like sum, and did you or did you not obtain the money on it, and at what time did you obtain it?

Answer.

In the winter of 1836-7, the resident engineer, Mr. Torbet, and myself visited Indianapolis, and mentioned the dishonored draft to Jere-

miah Sullivan, Esq., fund commissioner; through him I obtained the sum of \$10,000, which was paid out upon the canal and regularly accounted for.

Interrogatory No. 25.

Had you previously, during the same year, received any amount of the public moneys from Evansville? If so, what amount?

Answer.

In the spring of the same year, by authority of the fund commissioner, I drew upon the Evansville branch bank for \$2,000, which was appropriated to the payment of contingent expenses for surveys, &c.

Interrogatory No. 26.

What was the balance left in your hands on the settlement of your accounts on the 31st day of Dec. of that year?

Answer.

The settlement was made on the 30th Nov., 1836. The following is a statement of my account on that day, as will be seen by reference to the report of the board of 27th Dec. of that year.

The State of Indiana, in account with the state board of internal improvement. Dr.

To amount paid by Elisha Long, commissioner on the White Water Canal, for location, pay to contractors, &c.,	\$4,644 97
	Cr.
By amount received by Elisha Long, acting commissioner, on draft on fund commissioner,	2,000 00
Amount overpaid by Long,	\$2,644 97

Interrogatory No. 27.

Were you engaged in the mercantile business during that year?

Answer.

I was not.

Interrogatory No. 28.

Did you use the funds of the State for private purposes, or any part

thereof, and if not, did you pay back the specific funds received by you?

Answer.

If the funds here mentioned be the same as referred to in interrogatory No. 26, it is there answered. If it refers to the use of the public money at any time for my private purposes, my answer will be found under interrogatory No. 22.

Interrogatory No. 29.

How long were the funds in your possession before you made final payment, to the State? How long after you went out of office was it, before you accounted and paid to the State the balance, and how was it finally arranged?

Answer.

In the settlement with the Board of Nov. 30, 1836, there was a balance in my favor of \$2,644.97. In the settlement of Nov. 30, 1837, there was a balance against me of \$45.62, and in the settlement of 12th Dec. 1838, the true balance against me was \$78.80.

Previous to going out of office, funds were placed in my hands to pay damages done to private property. The claims for damages were not all adjusted when my term of service expired. I was required to settle finally with the new Board in Nov. following, which I did. The balance against me, which I think was about \$5,000 was paid part in claims upon the State, and part in money to the best of my recollection.

Interrogatory No. 30.

What order was made by the Board of Internal Improvements relative to their pay and expenses, while you were on the Board? state what pay each member received and what was allowed them and each of them for expenses.

Answer.

The compensation of members of the Board of Internal Improvements was fixed by law at \$2 00 per day, for each day necessarily employed, and an equitable allowance for travelling and contingent expenses, as will be seen by reference to 4th Sec. of "an act to provide for a general system of Internal Improvements" the Board passed an order fixing travelling and contingent expenses at \$1 50 per day.

Interrogatory No. 31.

You state that in your final settlement with the Board, you believe the balance in your hands was \$5,000, which you paid in claims upon the State and in money. State what kind of claims these were, how you procured them, from whom, and at what rate and what you paid for them. How much of said \$5,000 did you pay in such claims and how much in money.

Answer.

The claims were estimates of Contractors. I purchased none at a discount, I received them in payment of money due me, and in cases where the estimates exceeded the amount of my claim, I paid the excess in such manner as was satisfactory to myself and the contractors, as before stated, I purchased no estimates during the time of my service as a member of the Board of Internal Improvements. I cannot state how much of the balance was paid in money, nor how much in claims, not recollecting, and having now, no means of determining.

Interrogatory No. 32.

You state in one of your answers that you never speculated with public funds on your own account, state whether you did so for any relative, friend, or other person.

Answer.

I never speculated with the public funds either on *my own* account or on account of any relative, friend, or other person.

Gen. Stapp being sworn, submitted his answers to the following interrogatories:

Interrogatory No. 1.

Whilst acting as Fund Commissioner, who were your colleagues:

Answer.

I took upon myself the office of Fund Commissioner on the 1st of March, 1839. Mr. Farrington was appointed as my colleague but did not accept, Lucius H. Scott was afterwards, perhaps in the month of March, appointed by the Governor, and acted with me until he resigned in Jan. 1840. The Treasurer of State was afterwards made my colleague and continued so until I went out of office.

Interrogatory No. 2.

Did you or they, in that capacity, at any time violate the laws of the State, and your or their duties?

Answer.

We may have acted in some instances contrary to the strict letter of the law, and the strait path of duty, but so far as I am concerned, I endeavored throughout to act for the best interest of the State, and I have no reason to believe that either of my associates acted differently.

Interrogatory No. 3.

Were any loans, moneys, compensations, accommodations, gratuities, share of Commissioners, brokerages, or difference of exchanges, at any time received by either of you from any bank, company, or individual, with whom either of you have transactions as agents for the State, and not passed to the credit of the State, either at the time or since, and were any losses which should have been borne by either of you debited to the State?

Answer.

I do not know any thing about my colleagues in reference to this matter, so far as it relates to myself, I can say that I never received any loans, moneys, compensation, accommodation, gratuity, share of commission, brokerage, or difference of exchange, from any bank, company, or individual, with whom I had transactions for the State, except a loan of \$5,000 from the Merchants Exchange Bank of Buffalo, which loan was received from them in their own paper, some 4 or 5 months after the negotiation of the sale of bonds to them. This paper was to be circulated west, but finding that it would not circulate, I gave it to the Branch Bank at Madison, where it was kept 5 or 6 months and then used by them; at which time I was called on for the payment, but refused to pay it without an equivalent in return of bonds to the State, which were returned accordingly and the money paid; there were no losses which should have been borne by me debited to the State.

Interrogatory No. 4.

Have any profits on speculations on State stocks been appropriated to your or their use? Here state all you know respecting speculations made, at any time, in or with State stocks, by any fund commissioner.

Answer.

I have never made speculations in State stocks, nor do I know of any fund commissioner who has.

Interrogatory No. 5.

Did you or they, at any time, sell the bonds of the State to irresponsible individuals, companies, or banks, without the sanction of the others?

Answer.

We never sold stocks to individuals, companies, or banks, that we supposed to be irresponsible at the time; but it was our practice to sell stocks in the absence of our associates, and in this way some stocks have been sold to companies and banks, which have turned out to be irresponsible.

Interrogatory No. 6.

Did you or they hold stock in any company or bank, with which you or they transacted business on account of the State, and especially, if at or about the time said transactions were pending, and were you or they debtors to said banks or companies at the time, or afterwards? If so, then state very particularly the aggregate amount, together with the greatest amount, at any one time. How received. If by a pledge of stocks, then what stocks; if individual security, then who those individuals were. Also, state what balance you, they, or either of them owed any bank or company with which, as agents of the State, you or either of them had business transactions, at the time you or they ceased to be fund commissioners and how said balance was paid, and amount of said balance.

Answer.

I never had any stock in any such company or bank, except as security to the State, nor do I know that either of my associates held stocks in such institution; nor do I know that any other fund commissioner held stock in such institutions, except from hearsay.

I do not know that either of my associates were debtors to any such companies, at the time they ceased to be fund commissioners. There was an unsettled transaction with Nelson Robinson, made on account of the State, but as I had pledged my honor to Robinson at the time of making the contract, (which was for taking out of market one or two hundred of our floating bonds,) that I would see that he should not lose by the transaction for the State, he held me personally responsible for his losses in that transaction, if the State would not remunerate him. His loss was about 30,000 dollars. On the arbitration of a part of this matter, he recovered of the State 16,000 dollars. For the other 14,000 dollars, he looked to me.

Again, Robinson gave to me about 11,000 of Illinois scrip, to exchange for Illinois bonds. I gave the scrip to Sherwood, who promised to deliver the bonds to Robinson in the first week of February. This Sherwood did not do, and Robinson holding my receipt for the bonds or the return of the scrip, I was required by Robinson to pay for the scrip. On the settlement of these accounts with Robinson, I paid him a part money and gave him my bond and mortgage for a part. This is all I owe to such company or bank.

I know of no other such indebtedness in the other fund commissioners, positively, but my attention has been particularly called to what I know about any indebtedness to the Morris Canal and Banking Co. In my settlement with that company, in October, 1840, they wished to give me a claim against Dr. Coe, for some 30,000 dollars. This claim I declined taking, until I could hear from Dr. Coe, and wrote to him on the subject, and received his answer, stating in sub-

stance that he did not owe it, or that he had an arrangement to pay it, I do not now recollect which. Dr. Coe afterwards told me that he had arranged it, or that it was settled.

Interrogatory No. 7.

State all you know, and all you have heard, which you may have any reason for believing may be true, respecting all or any part of the foregoing.

Answer.

I have nothing further to state.

Interrogatory No. 8.

State also any information you may have obtained from any source, which you have any reason for believing may be true, relating to any officer, or agent of the State connected with the system, buying up, either directly or indirectly, estimates or any other evidence of debt from contractors, or any laborers on any of the public works. Also, as to any agent of the State paying Gallipolis or any other depreciated paper.

Answer.

I know of nothing further than I have stated.

T. A. MORRIS being sworn, handed in his replies to the following questions:

Interrogatory No. 1.

State what you know in relation to the contract with Mr. Weyer, for spikes for the railroad.

Answer.

At the time the contract was made with Messrs. Woodburn, King, & Co., for iron to finish the plane, it was supposed, from a statement made by Mr. Thomas, superintendent at the depot, that there were nearly enough spikes on hand to lay down the whole of the T bar then not laid down. At that time it was supposed that there was not more than five miles of T bar on hand, and that the shop at the depot would be able to make all the spikes wanting to make up the deficiency reported by Mr. Thomas. It was found, however, as the iron was being laid down, that there was at least seven miles of it, and that the shop at the depot could not supply the spikes as fast as needed; and even if they could have been made fast enough, there was no

means to pay for so many at the time, or even for the iron necessary to make them. It then became necessary to make some other arrangement for spikes, or stop the laying down of the iron, and terminate the road in the woods, between Vernon and Griffiths. A request was then made to the company furnishing the iron, to furnish also, within a given time, ten thousand pounds of spikes, to be paid for in the same manner they were paid for the iron. They agreed to get them, if they were estimated to them at what they had to give for them. After they had made inquiries of several persons as to the terms on which they could get the spikes within the specified time for bonds, it was found that Weyer's proposition was the best that could be got. Weyer agreed to furnish the amount of spikes needed within the time required, for twenty cents per pound, in bonds at their face. The acting commissioner having been made aware of these facts, I was directed to inform the company that I was authorised to estimate the spikes to them at the price they paid for them when they were delivered, which estimate was made to the company with the one made for the iron. These prices were communicated to the Legislature some time since, in a report from the board on that subject.

Interrogatory No. 2.

At what time and why was the contract made for the spikes at the price agreed upon?

Answer.

I think it was sometime in July, and the price was agreed to be paid, because it was thought that it would be much to the advantage of the State to pay this extra price on a few spikes, rather than compel the contractors to abandon their contracts for laying down the iron and pay them whatever damages they might recover in consequence of the inability of the State to fulfil her part of the contract, to say nothing of the loss of business on the road, which was expected to be realized from this extension of the track.

Interrogatory No. 3.

Were any more spikes bought than were necessary at the time?

Answer.

As few spikes as possible were obtained in this way; and in order to use the least amount of spikes the iron was laid down with barely enough to hold the bars to their places sufficiently for a locomotive to pass over the road, leaving the remainder of the spikes necessary to fasten the bars, to be made at the shop of the depot, as fast as they were able to have them made.

Interrogatory No. 4.

How were the spikes paid for? If in State bonds, to whom did the bonds belong, the State or the Madison Bond Company? If to the State, whence the authority of so disposing of them? if to the company, did they lose any thing in the transaction?

Answer.

The spikes were estimated to Woodburn, King & Co., in the same manner as estimates are made to other contractors, and drafts given them covering the amount of iron chairs and spikes, which they procured for the road, the drafts were backed with a statement that the iron, spikes, &c. were bought with bonds at par, so that in their settlement with the Fund Commissioner he might be able to only allow them what they paid. In what way Messrs. Woodburn, King & Co. paid those who furnished them with the iron, spikes and chairs, I am unable to say, but believe they paid bonds for a part if not for all of the amount.

CULVER WOODBURN was sworn and deposed in answer to the following interrogatories.

Interrogatory No 1.

Did you ever have a contract to keep or store Rail Road iron on the Madison Road? If so, who made the contract with you and for what price? At what time was the contract made, how much iron did you store, and for what length of time?

Answer.

I had no contract as to the amount I should receive. The commissioner directed the iron to be forwarded to me, without any stipulated price as to what I should receive. I received and forwarded all that came to me, before I received any pay for my services rendered, and then not until the certificate of some eight or ten of our most respectable and experienced men had stated in writing the amount I should receive, and I was paid the very lowest price that any one said it was worth. I commenced receiving iron in the Spring of 1838 and continued until March 1839, at which time I was paid 75 cts. per gross ton—say 7,240 lbs. I received 1,530 gross tons.

Interrogatory No. 2.

Were you or were you not a partner with the Commissioner on the Madison Road, at the time of said contract?

Answer.

I was not then, nor have I been since.

Interrogatory No. 3.

Was the price you got for said storage greater or less than it could have been stored for at the time?

Answer.

I would not receive the same quantity of iron and perform the same services for less money at this time. Very frequently I had to receive this iron in the night and always furnished the money to pay the freight. I gave it to all the wagoners forwarding it up the hill, kept a strict account that it should correspond with the bill of laden and invoice.

Interrogatory No. 4.

What other business did you do, or what occupation did you follow from the spring of 1838 to March 1839?

Answer.

I was doing a commission business from 1838 to 1839; in the winter of 1838, and '9, I traded in pork.

ANDREW COLLINS was sworn and replied to the following interrogatories:

Interrogatory No. 1.

Do you know any thing about a false profile of Sec. No. 2 on the Madison and Indianapolis Rail Road? If so, state all you know concerning it.

Answer.

Some time in the summer of 1838 or 9, I was called upon by Abraham Hendricks, who was the contractor on Sec. No. 2, to test the relative levels of some of the stakes or staking on the above said section, and near the north or upper end of said section, at a stake in the centre numbered 39 or 39 1-2 I think, I found the side stake on the upper side to be about 7 feet higher above the level of the centre stake than represented in the profile; and on the lower side, at the side stake, lower than the profile represented it to be by about 7 feet; and, as well as I recollect, I tested the level at another set of stakes, about 50 feet south of the above mentioned stakes, which I found to differ from the profile in the same way as the first mentioned, and as nearly as I can recollect, about the same, both increasing the quantity of cutting over and above what the profile set forth to be; this being the case would increase the quantity of cutting about 640 yards, and if this error extended all the way through the cut it would make, I think from 3 to 5000 yards, more than the profile represented; and further I do not think that shifting the numbers on the profile one station either way would have made it represent the ground truly, but on the contrary I feel satisfied that if the numbers on the profile had been shifted one station either way that the profile would not have agreed with the ground or a true profile of the ground.

Interrogatory No. 2.

Did the chief Engineer, or the Commissioner know any thing concerning this profile, and could or could not they have known it to be false by inspection?

Answer.

I do not know whether the chief Engineer or Commissioner did or did not know the said profile to be false, but I have reason to think they both knew that Hendricks considered it false, and as I think, they easily could have known it to be erroneous by applying the level to it; it required but a very simple operation, such as any stone mason could have performed with such a level as they commonly use. John Woodburn was acting Commissioner, and I think Jesse L. Williams chief Engineer at the time.

Interrogatory No. 3.

Did the false notes and levels in that profile, make a material difference in the contract? Are you a surveyor or engineer?

Answer.

As far as I examined, I believe it to have made the difference stated in my answer to the first interrogatory, namely, about 640 cubic yards, and if the error extended clear through the cut, that it would have made from 3 to 5,000 yards. I have been surveyor for the city of Madison some five or six years, in which time I have had occasion to do considerable leveling and calculating cuttings and embankments.

J. H. SPRAGUE was sworn and submitted his replies to the following interrogatories:

Interrogatory No. 1.

State whether you were an engineer on the Madison road. If so, state what you know in reference to a false profile.

Answer.

I was an engineer on the Madison road. There were three profiles made of the second section, first division of the road, two of which are erroneous, through mistake.

Interrogatory No. 2.

State whether the falsity of the profile could be detected without the use of the level, and careful examination.

Answer.

The falsity of the profile could not have been detected without the use of the level, (unless the discrepancies were great) and the field notes, as the error was not in the line representing the contour of the earth, but in the figures showing the side cuttings.

Interrogatory No. 3.

State whether Mr. Williams, the chief engineer, ever leveled the ground at the hill, and was it his duty as chief engineer, to lay out such work, or were his duties of a general nature?

Answer.

Mr. Williams never took any levels, or other notes on the line requiring the use of instruments, of which I have any knowledge; neither is it customary for chief engineers to take such notes, their duties being confined to directing the general operations of the work, furnishing the plans, &c. &c.

Interrogatory No. 4.

State in what particulars the profile was false, and who made it?

Answer.

The profiles before alluded to as being erroneous, were incorrect only in relation to the side levels of the rock cut, and at one point, I believe, in the embankment. This last mentioned error occurred before I took charge of the first division. Upon the discovery of the mistake that had been made, the notes were corrected, and a new profile made from the notes as corrected by L. H. Amsden, engineer. The first two profiles were made by myself.

Interrogatory No. 5.

At what time did you first begin to doubt Beckwith's honesty, and what circumstances first excited your suspicions? State, if you know or have any reason to believe, whether Jno. Woodburn had any intimations of Beckwith's dishonesty prior to his arrest. State if you saw any disposition on Woodburn's part to prosecute and bring Beckwith to justice.

Answer.

Sometime, I think, about the last of April, 1839, Mr. Patterson recited a conversation to me that had taken place between himself and Samuel L. Lefever, a few days previous, during which Lefever in-

formed him that Beckwith had promised to estimate his work full if he would let him have some money. These suspicions were further confirmed by Mr. Lefever, who stated in the presence of Mr. Pattison and myself the same in substance, that he had before stated to Mr. Pattison, saying, that if called upon, he would substantiate what he had said by his oath.

I know not, neither have I sufficient reasons for believing that Mr. Woodburn had any knowledge of Beckwith's dishonest transactions previously to his arrest. I do not recollect of having heard Woodburn say any thing about bringing him to justice, but have heard him speak in very strong terms of disapprobation of his conduct.

R. M. PATTISON being sworn, returned answers to the following interrogatories :

Interrogatory No. 1.

State whether you were an engineer on the Madison road ; if so, state what you know in reference to a false profile, and why it was made.

Answer.

I was an engineer on the second division of the Madison road.

The only falsity I have any knowledge of was an error in one of the side levels. I have understood that there were other errors, but do not know them to have existed.

Interrogatory No. 2.

State whether the falsity of the profile could be detected, without the use of the level, and careful examination.

Answer.

I think not.

Interrogatory No. 3.

State whether Mr. Williams, the chief engineer, ever leveled the ground at the hill, and was it his duty as chief engineer, to lay out such work, or were his duties of a general nature ?

Answer.

Mr. Williams never did level any part of the road to my knowledge. It was not his duty to lay out work, but his duties were of a general nature ; to examine the different lines and profiles, and to decide upon the best location, fix the grades, attend lettings, &c.

Interrogatory No. 4.

State in what particulars the profile was false, and who made the profile.

Answer.

I have stated, in my first answer, that the error was in one of the side levels. I do not know who made the profile, but presume it was made by E. M. Beckwith, or under his supervision. I had no charge on that division of the road.

Interrogatory No. 5.

At what time did you first begin to doubt Beckwith's honesty, and what circumstances first excited your suspicions? State if you know or have any reason to believe whether John Woodburn had any intimations of Beckwith's dishonesty prior to his arrest. State if you saw any disposition on Woodburn's part to prosecute and bring Beckwith to Justice?

Answer.

Some time in March or April, 1839, I had a conversation with Samuel L. Lefever, who had been contractor on the seventh section of the second division of the Madison road. He told me that while at work on that section, that he requested Beckwith to give him a good estimate, and that Beckwith said he would, if he would let him have part of the money. Lefever also stated that his next estimate was a good one, and that he gave Beckwith five hundred dollars; and some time after that he got another good estimate, and gave Beckwith four hundred dollars. Lefever also stated to me that he gave him nine hundred dollars for and in consideration of big estimates, and that he never expected to get the money of Beckwith, and that nothing had been said of the money between him and Beckwith since he gave it to him.

These facts and my knowledge of an error being made in an estimate on Graham bridge, which error was an increase of quantity in the excavation of the foundation,—twenty-eight cubic yards were increased to two thousand eight hundred, making an error of more than eight hundred dollars. I pointed out this error to Mr. Sprague, and he afterwards informed me that he shewed it to Beckwith before the final estimate was made, but the error was not corrected in the final estimate. These facts led me to believe that there was something wrong. I considered the matter for a few weeks, and then told Sprague what Lefever had said to me about Beckwith. Sprague and myself then made an estimate of Graham bridge, and found that there had been an over estimate to the amount of between twelve and fifteen thousand dollars. I informed Mr. Williams of these facts the next time tha the

came on the road, which was some time in May, 1839. We were then in camp, locating the road between Vernon and Columbus, preparing for a letting, which took place June 18th. Immediately after the letting Mr. Williams requested Mr. Sprague and myself to make another estimate of the bridge, which we did, and made the result about the same as before; and the next morning after this last estimate Mr. Williams and Gov. Noble had Beckwith arrested.

I do not know whether John Woodburn had any knowledge of Beckwith's dishonesty previous to his arrest or not. In a conversation with Woodburn, after B.'s arrest, he regretted very much that I had not informed him of B.'s dishonesty, so that he could have had him brought to justice, as he was commissioner when the over estimates were made.

JAMES H. HENDRICKS was sworn, and submitted his answers to the following interrogatories:

Interrogatory No. 1.

Were you ever a contractor on the Madison and Indianapolis railroad?

Answer.

I was, in connexion with my father.

Interrogatory No. 2.

Did you ever have any difficulty in getting money justly due you, in consequence of unjust estimates made by any of the engineers in the employ of the State?

Answer.

I had, in consequence of unjust estimates made by E. M. Beckwith, resident engineer on the Madison and Indianapolis railroad.

Interrogatory No. 3.

If so, say when you took the contract on which you had the difficulty; what that difficulty was, and how occasioned?

Answer.

In the winter of 1837 and 8.

Interrogatory No. 4.

Did you at any time make application to Jesse L. Williams, chief engineer, for redress?

Answer.

In the winter of 1838, I think, I came to Indianapolis for the express purpose of trying to get Mr. Williams to measure our work; bringing with me such letters of introduction from J. F. D. Lanier and Victor King, Esqs. as I hoped would give Mr. Williams full confidence in my representations.

Interrogatory No. 5.

What was the result of your application to Mr. Williams?

Answer.

He promised me soon to visit the work and investigate, and, if necessary, measure our work. This was the substance of his promise, to the best of my recollection.

Interrogatory No. 6.

Did Mr. Williams fulfil his promises, if he made any, when you asked for redress?

Answer.

He did not come to the work near so soon (by several months, I believe,) as he promised, and then did not measure our work, which we urgently requested him to do; but had the same engineer, Beckwith, of whose measurements we complained, made out a profile to satisfy us, at which my father would not look, pointing to Beckwith, who was present, and telling Mr. Williams, in substance, as follows:

“Nothing honest can come from that young man, and that the profile was nothing but a picture to deceive.”

Interrogatory No. 7.

Did you ever lay such statements and evidences before Mr. Williams, or John Woodburn, as you thought ought to, and would be the means of removing Beckwith, long prior to the time his rascality was publicly exposed?

Answer.

We did, and ask the liberty of reading to the committee a copy of a letter which I wrote to Mr. Williams, as early as 9th August, 1838; also a copy of one written him by William Hendricks, sen., on 6th September 1838. With Mr. Woodburn, we made the most vigorous efforts to procure his aid in removing him, but in vain.

MADISON, August 9, 1838.

Mr. WILLIAMS,

Dear Sir—Mr. Morris when here, measuring our section had necessarily to be confined to and governed by the notes, &c. furnished him by Beckwith. We feel confident, that he did all in his power, faithfully to perform his duty, but we suppose that ere this he has reported to you that he had not data on which to make a correct measurement; that he took his levels on the eastern side of the cut, upon the summit of the hill, on the present surface of the ground which is far below the *original surface*.

You will see by his report that this fact is established, not only by several witnesses, but by the admission of Sprague himself, one of the assistant engineers, who asserts that his measurement and location of the thorough cut on its eastern side was not made upon the surface of the earth, but in holes drilled for him in the rock, to let his locating pegs or posts in. Another fact is clearly established, that the location of the thorough cut was not made for some considerable time after the contractors had commenced their operations with numerous hands along its line across the top of the hill. These facts alone ought, as we suppose, to be sufficient to condemn Beckwith as a professional man, and to cause his dismissal from *this line* at any rate, if not from the service of the State.

But there are almost daily developments, making of inaccuracies and errors, which ought to seal his fate as a professional man. It is fortunate that the profile furnished us when you were last here, (April or May,) was preserved, for it is the only document we have that contains very important portions of the field notes, and the side levels. The centre stakes you will recollect were originally placed and noted by Mr. Gillet all over the hill, and as many side stakes as reached to the then contemplated tunnel, and we distinctly charged against Beckwith, that the relative position of the side stakes on the summit are falsely noted in such a way as to do great injustice to the contractors; for instance, those on the western or upper side of the hill are stated to be nearer the level of the centre stakes than they are, and those on the eastern side, much farther below the level of the centre stakes than they ought to be.

I believe you have the profile, (of April or May) and for proof of the above, refer you to an inspection of it on the various stations across the summit of the hill. There is one of the centre stakes yet standing. It is on station 39½, and the upper side stake on that station is also standing, but which we had forgotten when Mr. Morris was here or neglected to name. The error was so obvious to the eye, after a thorough investigation of the profile which we have made since the departure of Morris, (sundry developments prompting us thereto) that we were induced to level and measure, which was done by Mr. Collins, the surveyor of this city, a man at least, as we suppose, as

well qualified to do it as Beckwith. To a copy of his results as certified by him, herewith, we beg leave to refer you. You will see that the error is glaring and gross, that it is admitted by the engineers themselves, with a confession that they are unable to explain it, and that the whole profile is wrong across the summit of the hill. Now, how can the contractor, yourself, the board, or the public feel any confidence in any portion of his work hereafter. In view of these things, we think it reasonable that we should ask, which we do, and even beseech you, to remove him, or cause him to be removed from this line. Public opinion, you may rest assured, no less than the foregoing facts demand this to be done. He has attempted explanations, to several gentlemen, who were out at the levels and measurements of Mr. Collins, which were false and deceptive, and which he has since abandoned, by admitting the error. See Mr. Collins' certificate.

The surface of the hill, though extremely rough with massy and craggy rocks, was of one general slope.

There was in the general, at each station, about as much elevation from the centre to the upper side, as there was depression on the other side. There was not a single ravine in it, we mean upon the thorough cut, or any other topographical fact to mar the accuracy of this general remark; and yet, by inspecting the profile, you will find that at station 38½, the centre and upper stakes are represented as being on a level, while a falling off of 3408 feet is represented on the lower side. There was no such place on the hill or any thing at all like it. This we will establish by many witnesses, as well as the other glaring falsehoods in connection. We think that now there is an insupportable evil plainly represented to you in this case, and we hope you will devise a remedy, which, in addition to removing the cause of the evil, will do the contractor justice.

Mr. Morris knows that Beckwith's statement to you was to be submitted to as before sending it to you, whether it yet has been forwarded or not we cannot tell, but we know it has not been shown to us.

Mr. Hendricks presents his respects to Mr. Williams, says that he has examined the foregoing letter, that he knows the facts therein stated to be true, and believes the letter contains no unfair inference from them or any of them, and thinks also that a case is presented calling for the interposition of the Chief Engineer as therein asked for.

MADISON, Sept. 6, 1838.

DEAR SIR:

I regret that you have not had leisure ere now to attend to the item of business connected with the 2d section of the Madison & Lafayette Rail Road, pressing as was the necessity which led to the visit and measurement of Mr. Morris, that necessity is still stronger since that time. Estimates are now withheld on the allegation that Morris' measurement was incorrect, that it was too favorable to the contractor, and that over payments in consequence thereof have to be taken into the account now. Not a word was said however about this till it was known that the contractor had again procured the city Surveyor, Mr. Collins, to go to the section, and measure a solid block of

stone excavation done within the last month which had a few days before been measured by one of the engineers, preparatory to the estimate of last Monday, and until it was known that in the opinion of Mr. Collins, and other gentlemen who witnessed the measurement, that great injustice had been done to the contractor and that he must have been intentionally under estimated at least \$2,000 in the work of last month, then Mr. Woodburn was good enough to say that Morris had made a mistake, which they had been correcting in the two last estimates; that it had been discovered by Beckwith, who had written to Morris about it. The two last estimates are but little if any thing more than 33 1-2 per cent. upon the contract price of the work done. They show indeed their own fallacy, for in the last there is allowed but 840 yds. of excavation, and 3675, or thereabouts, of embankment, when it is a well known fact that all the embankment was made of the material in the same month excavated. In these particulars, the previous one is more glaring still, but it is useless to make statements to show the fallacy of the estimates; that they are under estimates is admitted by Mr. Woodburn, himself, and charged to the errors of Morris.

In the letter addressed to you of 9th Aug. last by the contractor, it was stated that Beckwith's statement &c. to you were to be submitted to the contractor before sending them to you. It has not yet been shown to him, nor have any copies of the testimony taken by Morris, which were also promised, been shown or seen; nor has Mr. Woodburn done any thing whatever in payment of the extra work, or in payment over of the 15 per cent. or any part thereof, or given relief in other alleged matters of grievance.

The conduct of the Engineers is intolerable; they are now evidently acting in a spirit of revenge against the contractor, for and on account of his disclosures against them, and his want of submission to them; some time ago it was alleged to Beckwith that some field notes had been found recently in the country, which would explain sufficiently the imposition attempted in the large profile furnished the contractor, which was detected by the contractor, as well as proved by Mr. Collins, and which you were informed of in the letter of Aug. before mentioned. I asked Mr. Woodburn if it were possible there could be any thing serious in this pretension. He said that the fact was seriously alleged by Beckwith, and promised to have a copy of those notes furnished the contractor; as might be expected however, no such have been furnished. I again ask, in behalf of the contractor, the removal of Beckwith, and your attention to the case generally. This attention you now owe to Morris as well as to the contractor and the State.

The hard part of the job is already done, the cut is so much sunk as to diminish the handling of the material very much, the hard rock is almost entirely removed, and the work is now in the blue rock, at least 40 per cent. easier to bore and blast and sledge than the upper stratum of gray rock, which they have almost entirely disposed of. Indeed it is no exaggeration to say that very nearly double the work is now doing with the same hands, that was doing or could be done, when you were here. Hence the anxiety to get the job out of the contractor's hands, and into the hands of some favorite. It is a matter of great importance to the contractor.

I make this request somewhat pressing because your letters heretofore have remained unanswered.

Interrogatory No. 8.

Was not public opinion unfavorable to Beckwith long before he ran away?

Answer.

It was decidedly.

Interrogatory No. 9.

Was a certain profile, which Jesse L. Williams had Beckwith make out, to show the original and progressive state of your section, a true or a false profile?

Answer.

It was; bearing its falsity on its face, as any one to look at the ground it represented, and then look at the profile, could see; and according to after investigations and measurements, made by Lapham, of Ohio, and Stealy, of Kentucky, it was false; as the data therein contained, for determining the total rock cutting, would have given the contractor but 94,000 yards, whereas Messrs. Lapham and Stealy, determined that it should be 104,000.

Interrogatory No. 10.

Did Mr. Williams ever have Beckwith make out more than one profile of your work for your special satisfaction?

Answer.

He did not.

Interrogatory No. 11.

Did Jesse L. Williams ever swear to the truth of a certain profile of your work, and made by Beckwith at the request of Mr. Williams, which was afterwards found to be false? State all you know and all you believe to be true.

Answer.

My father informed me that at a meeting which he had with the board of internal improvement, Mr. Williams swore that he believed said profile was true. Of this my father can speak decidedly.

Interrogatory No. 12.

Did a slip in the embankment occur upon the work on which you were engaged, which has cost the State near 50,000 dollars, (if not much more) in consequence thereof?

Answer.

I can safely say that it has cost the State many thousands, and I believe nearly, if not fully, 50,000 dollars.

Interrogatory No. 13.

What occasioned so great and expensive a slip in the embankment as occurred on your work?

Answer.

The line of heavy embankment on which the slip occurred ran along side of a very steep hill; the soil was very loose for two or three feet in depth upon the surface, and the embankment resting upon it being very high, and consequently very heavy, it gave way; the engineer, Beckwith, not yielding to the urgent solicitation of the contractor, to permit him to remove the loose soil and give it sufficient base.

Interrogatory No. 14.

Who was the resident engineer on the Madison railroad prior to and at the time the slip occurred on your work? Who was the commissioner, and did you from time to time, importune and press them to let you prepare a base for the embankment, to prevent a slip?

Answer.

E. M. Beckwith was resident engineer, and John Woodburn acting commissioner prior to and at the time the slip took place, and we did from time to time solicit both engineer and commissioner to permit us to prepare a base to build the bank upon; and after pointing out where the slip would take place, in our opinion, and where it has since occurred, and finding solicitation vain, we addressed Beckwith and Woodburn a note separately, and served it upon each by a disinterested individual.

The following is a copy of the notes or notices:

Section 2d, Madison and Indianapolis R. R. }
August 21, 1838. *}*

MR. E. M. BECKWITH:

In the progress of building embankment, I have arrived at a point which, in my opinion requires something to be done in order to secure the bank from slipping. I therefore ask your immediate atten-

tion to this important matter, and want such written instructions as you may think proper to give.

Signed, Respectfully,

J. H. HENDRICKS.

Section 2d, Madison and Indianapolis R. R. }
August 21, 1838.

MR. J. WOODBURN :

I have this morning addressed a note to Mr. Beckwith, asking immediate instructions for the safety of the embankment. I have as my object, the safety of the work, as well as my own safety from reflections or responsibility.

Signed, Respectfully,
J. H. HENDRICKS.

Interrogatory No. 15.

Was Jesse L. Williams advised of the dangerous situation of the embankment on your work ?

Answer.

He was strongly importuned by the contractor to prepare a suitable foundation for said bank ; but of this my father can more fully speak.

Interrogatory No. 16.

Were you a contractor on the deep cut of the Madison railroad ?

Answer.

I was.

Interrogatory No. 17.

Were you paid up fully in treasury notes, at the time contractors in may or June were required to abandon their contracts ?

Answer.

I was.

Interrogatory No. 18.

Did the commissioner require you to abandon your contract ?

Answer.

He did not.

Interrogatory No. 19.

If the commissioner did not require you to abandon your contract, how was it that you were paid, and by whom, and by whose authority ?

Answer.

I was paid treasury notes at the office of the fund commissioner, and by the authority of Noah Noble, as I understood the transaction.

Interrogatory No. 20.

Who was Commissioner at the time alluded to in the foregoing interrogatories?

Answer.

Noah Noble.

Interrogatory No. 21.

Did or did not said Commissioner give you drafts in favor of fictitious names, and in favor of persons to whom you were not indebted, for the purpose of evading the law, and making you payment in full or in part?

Answer.

The transaction was a fictitious one and I suppose to evade law.

Interrogatory No. 22.

Was this so understood by the Commissioner at the time he gave you the drafts?

Answer.

It was.

Interrogatory No. 23.

If so, what object had he in view?

Answer.

I have no doubt his object was to benefit the contractors, but principally to get the job finished, with a view of finishing the road down the plane.

Interrogatory No. 24.

Did Beckwith ever acknowledge the falsity of a certain profile made out for your section, which you say was false?

Answer.

He did; at a time he had an arbitration with the State, growing out of this profile and other things, and at the time Mr. Gilbert was questioned as to its probable truth or falsity.

ADAM GREEN was sworn and replied to the following interrogatories:

Interrogatory No. 1.

What is your business on the Madison Road?

Answer.

I serve as superintendent of construction and repairs on the Madison Rail Road.

Interrogatory No. 2.

How much have you expended on the Road in all, from the top of the hill to the steam boat landing, since the completion of the track in Oct. last?

Answer.

I did not keep the expenses from the top of the hill to the steam boat landing separate from that expended on the other portions of the road, the expenses from the steam boat landing at Madison to the town of Vernon, a distance of something over 22 miles, was about \$575,00 for labor, and about \$75 for materials, making in all \$650,00. This amount may be somewhat less or more, but will not vary materially.

Interrogatory No. 3.

State how much of the expenditure was for keeping the track in order, and raising the embankment, and for what purpose the balance was paid.

Answer.

I cannot state precisely the amount expended on repairs, as I did not keep that item separate from the construction. I would suppose there was expended in filling the track and embankment and in raising track, about \$400; the remainder was expended in filling the track, making drains and crossings at the streets in Madison; also for making a turning platform and car shed at Madison, also a portion of it say from \$50 to \$75 on repairs between the depot and Vernon.

Interrogatory No. 4.

What is the length of the slip on the bank built by Abram Hendricks, and what sum has been expended on this slip?

Answer.

The length of the slip, where the greatest depression was, is probably from 100 to 150 feet; the remainder of A. Hendricks' embankment, till where Griffins' new embankment joins it, say from 3 to 400 feet. This portion of the bank is where the previous slip has formed the greatest base. I cannot say whether it is slipping or only settling at the present time. The amount expended on the slip, as nearly as I can form an estimate, was from \$150 to \$200.

Interrogatory No. 5.

Has there been any sliding in the new bank made during the last season by Mr. Griffin, or is the expense here, caused by the settling which is common to all new banks?

Answer.

There has been no slide of the base of the new embankment. The expense has been caused by the settling of the new bank, which, on account of the shortness of time in making, and the dryness of the season while making, is common to all banks made under like circumstances.

Interrogatory No. 6.

Will the settling of Griffin's bank, if there is no sliding in the base, be a permanent expense, or will it cease entirely in a year or two?

Answer.

Judging from banks of like dimensions, I would suppose that the settling would measurably cease in three or four years; the bank becoming each year, more compact, the expense would decrease in proportion.

Interrogatory No. 7.

Is it probable, from your experience in such works, that Hendrick's embankment will continue to slide as much as at present, or will it probably cease in a great measure, after it passes through another summer?

Answer.

On this question I cannot form a very correct opinion. I think it will not slide so much, as heretofore, and may cease after this season.

Interrogatory No. 8.

Have you cut a ditch to turn away the water from the slip, and has it slipped less than before.

Answer.

I had a ditch cut to turn the current of a small stream, also the water from the hill from getting under the slip and either portion of the embankment. I think it has answered a good purpose, as the bank has slipped less since the drain than before, in the same length of time.

Interrogatory No. 9.

State whether these embankments are in good repair at this time. If they are not what is their condition, and what would be the probable expense of putting them in good repair?

Answer.

The track on Hendrick's embankment is in such repair that the the freight and passengers are taken over it with safety as regards the track. It is not as well adjusted as some other portions of the road; but is in such order as other portions of the road on new embankments. The track, as I left it, would require for its security an expenditure of one hundred dollars, in filling the bank at the side, adjusting the track, and gravelling the horse path.

SAMUEL THOMAS, being sworn, returned answers to the following questions:

Interrogatory No. 1.

Have you been engaged as agent for the State in getting spikes made for the Madison and Indianapolis railroad the past fall? If so state what said spikes cost, and how they were paid for?

Answer.

I was engaged in getting spikes made for said road. After the spikes purchased of Weyer were used, there were still some spikes lacking for the road; and, at the instance and request of T. A. Morris, I went to Cincinnati and Louisville, and purchased some iron at each place,—about two thousand two hundred pounds in all; some of which I paid six and a half cents, and some six and three quarter cents per pound for, there being a difference in the size of the iron. Some of the spikes were made at the shop, by Mr. Terry, the blacksmith employed by the State at the depot, and the balance I got made by different blacksmiths; part of which I paid two and a half cents and part two and three quarter cents per pound for, which would make the spikes cost, not including the expense of purchasing and transporting the iron, about nine and a half cents per pound. They were paid for out of the proceeds of the railroad.

Interrogatory No. 2.

Are you in any way connected with business of the State on the Madison and Indianapolis railroad? Do you know how many agents, officers, and others are in the employ of the State connected with running the cars, or the repairs on the finished portion of said road? If so, state who, what their salaries, and nature of their services?

Answer.

I am and have been for some time superintendent of machinery on said road. There are, I believe, about ten hands and officers, as enumerated below, with the salaries affixed: to-wit,

Myself, superintendent of Machinery, as above stated, at a salary of seventy dollars per month;

John Lodge, conductor on the cars, and has charge of the collection of tolls, at a salary of seven hundred and thirty dollars per annum;

Robert I. Elvin, clerk, who keeps all the books and accounts connected with the business of the road, at a salary of three hundred and sixty-five dollars per annum;

David C. Branham has charge of running the cars on the plane from the depot to Madison, at three hundred and sixty-five dollars per annum;

Frederick Lunger is the engineer for running the locomotive, and has to keep the same in order, at seven hundred and thirty dollars per annum;

Jacob Biderman is fireman on the locomotive, at three hundred and sixty-five dollars per annum;

William H. Branham is engaged in the business of running on the cars as a hand, to assist in loading and unloading freight, at three hundred and sixty-five dollars per annum;

There is one hand employed on the plane, to assist unloading and loading freight, at twenty-six dollars per month;

There is also engaged on the plane one hand with four horses, who receives two dollars and seventy-five cents per day;

Adam Green is superintendent of repairs on said road, whose duty it is to keep the road in repair, at seven hundred and thirty dollars per annum;

James Hill is engaged at present on the plane, superintending repairs, at one dollar per day.

The number of Mr. Green's hands I do not know, their names nor salaries.

There is also one blacksmith steadily employed in repairing curve and work for the railroad, at a salary of one dollar and seventy-five cents per day, with an assistant part of the time, say about one third, at the rate of seventy-five cents per day.

Interrogatory No. 3.

State particularly whether any of said agents or officers have, at any time, violated their duty; if so, when and how?

Interrogatory No. 4.

State further, if you know or have good reason to believe, that any officer or agent of the State has received, directly or indirectly, from the State, more than their salaries; also whether you know of any officer or agent of the State receiving pay for their time while absent from and neglecting the business of the State?

Answer to Interrogatories Nos. 3 and 4.

I do not know that there has been any violation of duty on the part of the State officers or others.

Interrogatory No. 5.

State whether the business now divided between any two or more of the state officers or agents could or could not as well have been performed by one person?

Answer.

My opinion is, that the hands have a plenty to do, and get little pay enough for their labor.

Committee then adjourned to the evening of the sixth, to meet in the Capitol at six o'clock.

Chairman.

Pursuant to adjournment the Committee met in the Capitol on the evening of the 6th Jan. at six o'clock. All present.

A. F. MORRISON was sworn and offered his answers to the following interrogatories:

Interrogatory No. 1.

When did you become a member of the Board of Internal Improvements; how long did you serve as such, and who were members of the same board with you?

Answer.

I was appointed by the Governor on or about the 7th Sept. 1839, to fill the vacancy occasioned by the resignation of Danl. Yandes of Indianapolis, and remained in office until the 1st March thereafter, the representative character of the Board having then been changed by the Legislature, being in and about the period of six months. Thos. H. Blake, David H. Maxwell, John Woodburn, Elisha Long, Jas. Johnson, Jno. A. Graham, Saml. Lewis, John G. Clendenin, and myself, were the members of the Board during my continuance in office.

Interrogatory No. 2.

What plan was adopted by the Board of Internal Improvements as to outlays on the public works, and what reason operated on the Board to induce them to commence all the works at one time?

Answer.

I was not a member of the Board at its organization, nor had I any more knowledge of its plans than what were and are exhibited in the journals of the Board. The Board as far as I was cognizant of its acts and plans, was materially and essentially a representative body, each member thereof the guardian and advocate of the lines allotted to his charge, and generally acting as though it was expected of him to use his best endeavors to advance the prosecution of his immediate work in charge, as he was frequently urged to do by the people and their delegations in the Legislature. I know of no other reason why the Board was induced to undertake all the works at one time, than that they were left in this matter without legislative direction, the legislature always failing to designate which works should be first commenced, and the Board finding it equally as troublesome and impracticable for them to classify the works as it was for the General Assembly to do so. Not being connected with the Board at the inception of its plans I cannot speak more specifically of its inducements or motives.

Interrogatory No. 3.

Was the commissioner resident on a given work made superintending agent of that work? How were funds supplied him from time to time to meet

his disbursements, and how often did he account to the Board for his outlays on the work which he superintended? Speak as to the manner in which the members of the Board drew funds and what checks were imposed on over-drawing.

Answer.

The works were placed under the charge of the Commissioner resident upon or near each line, he having the power to let contracts, sign drafts, and to supervise the prosecution of the work. I will here take occasion to remark that all the estimates of value of work, of the prices that should be paid for such work by the State, all changes in work, the style and character of work, in all its minute and technical details, were almost necessarily committed solely to the Engineers, they alone having the peculiar scientific knowledge requisite to the measurement, plans and execution of most of the work, the Commissioner being in these respects a mere formal adviser.

The Fund Commissioners were in the habit of informing the Board of Internal Improvement of the amount of funds which were or would be available for the prosecution of the works, and in accordance with the means to be used, the Board allotted sums to each work; but in numerous instances the Commissioner and Engineers found it necessary, as they conceived, for the better advancement of the public interest, to do and perform certain quantities and portions of work, which required in their execution more money than the Board had previously allotted; and at subsequent meetings of the Board, such further appropriations for said work were made as provided for such expenditure, and never until about the dissolution of the Board of nine Commissioners was there any great objection made to the practice, as it was previously understood that when heavy sections of work, which it required more time to complete than would be required on light sections, could be contracted for at prices as low or lower than the estimates of the Engineers, it was good policy to press them on fast enough to complete them as soon as the balance of work was expected to be finished on any continuous line. The opinion of the Engineers was generally the rule of action in regard to pushing or retarding sections, so far as my knowledge or actions extended.

The money borrowed and received by the Fund Commissioners was usually placed in Banks in New York, and arrangements made by the Fund Commissioner with the Branches of the State Bank of Indiana, to pay out western funds to contractors on the estimates of the resident Engineer, and the draft of the acting Commissioner, the Bank and the Fund Commissioners, having made such arrangements as permitted the Bank to receive eastern funds for the funds which they paid out here to the State, the Bank advancing here, some sixty days previous to the receipt of funds in N. York.

A set of financial rules were furnished the Board of Improvement by the Fund Commissioners, regulating the manner of drawing and accounting for funds which were the rule of government to the Board and its individual members in their disbursements and settlements.

The contract prices of each section of work let were registered in a book kept by the resident engineer, and were also specified in a contract which was delivered to the contractor. At the end of every 30 or 60 days, a settlement for work done was usually made with each contractor, the work measured and estimated, and a certificate made out and signed by said engineer, stating the sum due the contractor,

after deducting ten per cent. on canal work, as a guaranty to the State, for the faithful and final completion of the job. This certificate or estimate was accompanied by a check or draft on the branch bank, signed by the commissioner, and payable to the order of the contractor. Each of these certified estimates was registered and charged to the contractor by the resident engineer, and served effectually to prevent error or fraud on the part of the commissioner or contractor, and were evidence or data for the Fund Commissioners and the Bank, in their settlements. Each contractor signed and left with the commissioner or engineer, triplicate receipts as vouchers for the commissioner, which vouchers had to be presented for the examination of the board of internal improvement, and were minutely examined at the end of the quarter by said board, and each commissioner was required to account for all moneys placed in his hands, by showing full and clear vouchers for its faithful disbursement. No moneys, except for contingent expenses, such as the pay of engineers, or small incidentals, and for adjudicated damages, ever passed through the hands of the commissioner, and all such moneys were also accounted for to the board, by the exhibition of regular triplicate vouchers.

Interrogatory No. 4.

State whether any member of the board, and if so, what member, derived any advantage or profit by the use of the public funds, or whether you have any information, and if so, what, which would induce you to suppose that any member of the board of internal improvement used any of the public funds for his private profit, or delayed to account for the same at a proper time.

Answer.

I have no knowledge of any use being made of the public moneys by any member of the board of internal improvement, for his private profit in any shape, nor of any delay to account for balances at a proper time, excepting the case of Mr. Burr, whose defalcation was promptly reported by the board to the legislature upon its discovery. The accounts of James Johnson were not satisfactory to the board, at its dissolution, owing as was said to the informality of vouchers, and some \$4,000 or \$5,000 was chargeable to him at that time, but Gen. Stapp informed the Senate in 1840, that his vouchers had been accepted by him or the Fund Commissioners. I promptly settled my accounts at the earliest possible hour after my services closed, which fact has been reported to the General Assembly, as will be seen in the journals of 1839-40; and I have a full receipt from the Fund Commissioners, for every cent of public funds chargeable to me. A full statement in detail of all disbursements made by me as commissioner, have been laid before the legislature and printed.

Interrogatory No. 5.

State what information you have, if any, which would induce you to believe that the location of any public work, or part of same, had been made or changed with a view of enhancing the value of the private property of any member of the board of internal improvement, or of the members of the engineer corps.

Answer.

I have no knowledge of any acts coming within the purview of this question.

Interrogatory No. 6.

What information, if any you have, which would induce you to believe that the members of the board of internal improvement, or any member of the same, was governed or influenced in the lettings made by them, by views of private interest, contrary to the public good?

Answer.

I have no knowledge of any such influence having been exerted by any member of the board.

Interrogatory No. 7.

State what information you may have tending to show that any of the superintending officers of the public works, were guilty of accepting bribes, or conniving in any way at the practice of defrauding the State by allowances to contractors of more than they were entitled to by law.

Answer.

I know of no other cases than those of Beckwith and his accomplices, which have been exposed in the Marion Circuit Court, and which have been reported to the legislature by the chief engineer.

Interrogatory No. 8.

Who was the acting commissioner on the Madison and Indianapolis Railroad, when the Madison hill, or deep diggings, was put under contract?

Answer.

I believe that John Woodburn was the commissioner in charge of

the Madison and Indianapolis Railroad, at the time the contracts were let upon the hill at Madison.

Interrogatory No. 9.

Is the property of either member of the board of internal improvement dyked or defended from the freshets of the Ohio river, by the Madison Railroad, beneath the deep cut? If so, whose property is thus defended?

Answer.

I am totally ignorant of any matters in connexion with this interrogatory, never having had occasion or opportunity to notice the locality spoken of.

Interrogatory No. 10.

Did the interest of the State demand a thorough cut through the Madison hill? Would or would not a tunnel have been cheaper? and what advantage is it expected that the lettings of that cut are to be to the State? What is the total cost of that cut and the embankment and culvert beneath the hill? State all the information you have on that subject.

Answer.

As to the utility of a thorough cut of the hill at Madison, I can only, like others who are not practical engineers, offer an opinion. I do not believe that a tunnel could have been safely cut through said hill, owing to the peculiar formation and strata of rock, which lay in transverse, irregular, and detached portions in the route of the passage. The advantages to the State are said to be, that cars may descend or ascend the hill without the cost of stationary engines, and the expense and danger incidental to them. The public are in possession of the opinions of Messrs. Pettit, Weaver, and Welch, who have, as scientific engineers, given elaborate statements favorable to the route and construction on the Madison hill, upon the plan which was adopted.

From the most authentic sources of information on the subject, being the report of the chief engineer, the cost of constructing the railroad and its integral connexions, at and near the hill at Madison, is about two hundred and seventy-five thousand dollars.

Interrogatory No. 11.

By whose directions and on whose recommendation was one Beckwith employed as engineer on the Madison and Indianapolis railroad, and by whom and for what was he discharged?

Answer.

I know not who employed Beckwith, or on whose recommendation he was employed. When his villany was discovered he was removed and arrested by the chief engineer, Mr. Williams.

Interrogatory No. 12.

How long had said Beckwith been engaged in receiving bribes for false and fraudulent estimates before detection? How was his rascality discovered, and by whom?

Answer.

In the case of the State of Indiana versus Carnahan, tried in the Marion Circuit Court, it was proven that said Beckwith had, for several months, made fraudulent estimates, probably for as much as or more than one year. His rascality was discovered by some of the contractors and other engineers suspecting that the work done and exhibited to view was too insignificant to warrant such large payments. These suspicions were reported to Mr. Williams, and steps were then taken to investigate the truth of the charges, and to arrest Beckwith, by Mr. Williams.

Interrogatory No. 13.

What reason have you, if any, for believing that any member of the Board of Internal Improvement, or Chief Engineer, fraudulently, at any time, connived at the allowance of higher wages to contractors than the contract price; or connived at lettings being made at a higher rate than the market price for such work?

Answer.

I have no knowledge of any such fraudulent conduct by any member of the Board of Internal Improvement, or by any engineer, except as before stated.

Interrogatory No. 14.

Did any member of the Board of Internal Improvement at any time make lettings to a greater extent than advised by the board? If so, state who, and where those lettings were?

Answer.

I have stated before, that I only served about six months as commissioner on the Central canal, and I now state, that after I came into office

no appropriations were made on the line which I marked. Large lettings were advertised to take place by my predecessor, some of which were postponed by him to take place after his term of office expired, and I proceeded to make said lettings, together with such other sections of the line as required to be commenced, in order that the work on the district let might be finished simultaneously. Several sections of the line below the feeder dam, at Broad Ripple, were finished under my superintendence, in order to let the water to Indianapolis that fall, and those sections required funds to pay for their completion. The other lettings, at Andersontown and Noblesville, were made so as to give contractors two years time to complete their jobs, and but small payments were made upon them during my official existence. If all the work let and prosecuted under my direction had been finished, I should have let beyond appropriations by the board, some ninety-one or ninety-two thousand dollars; and, as an excuse for so doing, if an excuse were wanting by me, I could urge that the work required such lettings, in which opinion I was sustained by the engineers, and when I reported the same to the board I have no recollection of any member thereof having or expressing a different opinion. The board never appropriated one cent for any of my works after I came into office, and much work must have ceased on the northern division of the Central canal, had I not, under the concurrent opinion of all classes of the community, and eminent public functionaries, proceeded with the work. Indeed it was considered that the State then would complete this northern portion of the Central canal as soon as the work could be executed at fair prices; and, on an examination of the prices at which I made the lettings, it will be seen that they averaged less than the estimates made by the engineers, and so low were they, that no contractor was able to make any thing more than a bare living from his job.

I seek to evade no responsibility on a charge of overletting, for the reason that the amounts previously appropriated by the Board to the several lines were merely conjectural amounts, and if found too small, were universally extended, and all expenditures covered by additional appropriations, and had the Board seen a prospect of being able to continue any work, such would have been the case with my lettings. But as the want of means was anticipated before the Board dissolved, and as they were legislated out of office, the matter was left to the management of their successors, with full discretionary power to prosecute such works, as they in their wisdom might deem expedient; and as proof of the wisdom and necessity of my lettings north of Indianapolis, I remark that Gov. Noble vigorously prosecuted them after he came into office, until the very hour that the State suspended payment upon the public works. He even, and I think wisely, went so far as to transfer contractors' jobs from other portions of the public works to these lines on which I had made lettings. To recapitulate; the Board made no appropriations to me; I carried out the advertised lettings of my predecessor; I let work requiring time so as to have it ready with that which was light and soon to be finished. My lettings were at very low prices, and my successor continued the work on the jobs let by me. If, as I understood it to be, it was the intention of the State ever to finish this work, I did right in making the lettings—if i

was mere pretence and delusion to be played off upon the public, the money might better have been otherwise disposed of. I have no desire to screen myself from any censure on this head, which my conduct deserves, I only acted as the Commissioner representing the works in the centre and middle lines of the State, and I aimed to place their interests and works only on a fair footing with other portions of the State.

These over lettings as they were called embracing similar ones on other lines, were reported to the Legislature in 1839-40, by our Board, and that Legislature did not make any objection to them, but on the contrary empowered Messrs. Noble and Williams still to prosecute them; which they did, especially on the northern division of the Central Canal, the White Water Canal, the Madison and Indianapolis Rail Road, and on other works which were said by some to have been overlet.

As to over-lettings by other Commissioners, I think, they were very common before, and even after I became a member of the Board, and, if I recollect aright, nearly all of the members of the Board were said to have gone beyond the amounts appropriated for their works, with the exception of probably Messrs. Blake and Lewis. Each member however, is interrogated, and will answer for himself on this head. I freely admit to the Committee that I let more work than there was money, then appropriated by the Board, to pay for; but as the work was to progress through a term of two years before the money could be demanded by the contractors, the State could suffer no loss if she ever completed a valuable work, on which the work was in progress, and on which much money had already been expended. I was and am unconscious of any law or custom forbidding such lettings under such circumstances.

Interrogatory No. 15.

State what allowances were made, while you were on the Board, to members thereof for extra services and expenser, and what reason, if any, you have for believing that such allowances were excessive. Please refer to such records or memoranda as will aid you in answering these questions.

Answer.

I have no recollection of any allowance for extra services having been made to any member, while I was on the Board.

Interrogatory No. 16.

How much authority did the Board delegate to the separate members thereof, in superintending the respective works, and were their acts in making lettings &c. regarded as obligatory on the Board?

Answer.

Each member of the Board had all the powers necessary for the prosecution of the work allotted to his charge, and if he signed contracts, I supposed such contracts binding upon the State as far as their stipulations went; but as the contract always contained stipulations so very preponderating in behalf of the State, that they could be voided by the State. No restriction was placed

upon members, and I believe that certain lettings were rescinded by the Board principally on the ground of expediency.

Interrogatory No. 17.

What reason have you for believing that any of the lettings were secretly or unfairly made by any member of the Board, with a view of securing a profit to himself or his friends?

Answer.

I know of no secret or unfair lettings by any member of the Board for any purpose whatever.

Interrogatory No. 18.

What contracts, if any, were taken on the public works by members of the Board; at what prices, and was there or was there not, in the taking of such contracts, a fair competition among bidders?

Answer.

During my continuance on the Board, I do not recollect of any contracts having been taken by any member of the Board, neither do I know of any want of competition at any letting of contracts. Where contracts were abandoned they were generally let without much delay, but so far as my knowledge extends they were re-let under a fair competition, and without secrecy.

Interrogatory No. 19.

Were any members of the Board, at any time secretly interested in any lettings by them made on the public works? State any information you have touching this question.

Answer.

I know of no secret interest which any member of the Board had in any of the lettings made by him, nor have I any information of any such fact, although rumors were abroad of such cases; but the facts never were known to me in such manner as to implicate any member of the Board, and I will here remark that I always found the members of the Board, without distinction, showing great willingness to explain all their acts, and in all respects, as far as my knowledge extended, highly honorable men, and indeed I take pleasure in making the same statement in reference to all the Engineers with whom my duty brought me in acquaintance; they, so far as I know, punctiliously consulted the public interest, and scrupulously accounted for every cent placed, in any emergency, in their hands for use on or about the works, and I always found them carefully calculating the most economical plans for the prosecution of the works on which they were engaged. Indeed it was not unfrequently the case that contractors complained of the nice exactions

of the Engineers associated with me, but in no case was extra allowances made to any contractor during my service. The Engineers engaged on the works where I was acting, were Messrs. Jesse L. Williams, Thos. A. Morris, Fred. W. Prescott, Geo. H. Jennison, John Hunt, Mr. Armsden, and some others not remembered, to each one of whom I refer as to the manner of my conduct.

Interrogatory No. 20.

Was any member of the Board of public works, or any Engineer engaged on the same, at any time, either directly or indirectly engaged in any speculations in lands or town lots on the lines of the public works or any of them? State what information you have on that subject.

Answer.

I have no knowledge of any such speculations or attempts to speculate. I attempted no such speculation directly or indirectly.

Interrogatory No. 21.

State particularly whether the Rail Road at Madison could not have been taken down the hill on a cheaper route and equally advantageous to the State; and whose private interest in any manner is most particularly benefitted or intended to have been by the adoption of the present route.

Answer.

I have already, in my reply to the 10th interrogatory, stated all I know or have to say on the subject of the route on said hill. I do not know who owns the property contiguous to said route, as it runs over a long distance of bottom land before it reaches its termination at the river.

Interrogatory No. 22.

While acting as Canal Commissioner or member of the Board of Improvements, inform the committee whether you applied the money of the State, or the use thereof in any way to your own benefit, or as capital in trade, or to speculate upon it any way?

Answer.

I neither directly nor indirectly used, temporarily, or permanently, one dollar or any other sum of public funds, in trade, or as capital, or in speculations of any kind, or in any way at any time.

Interrogatory No. 23.

Whether in making contracts with the contractors, there was any direct understanding or conventional one of any description by which they or any of them were to buy, or to give orders to the laborers for goods, on your store.

Answer.

I made no such bargains with any contractor or contractors, neither was there any such direct or indirect understanding with them. They traded where they pleased and were treated in all respects as other customers.

Interrogatory No. 24.

State also whether you have ever bought up the estimates of contractors at a less price than their face, or the amount for which they were given?

Answer.

Whilst acting as an officer of the State, or as Canal Commissioner, I never purchased any estimate from a contractor or laborers, but since I established myself as a broker, and dealer in exchanges, I have frequently obliged contractors and others by cashing their certificates of State indebtedness; all of which I consider my legitimate prerogative inasmuch as I pay a license under the laws of the State for the privilege.

Interrogatory No. 25.

State all you know, or all you have heard which you may have any reason to believe may be true in relation to all or each or any of the above particulars, and in relation to any of the Canal Commissioners or member of the Board of Internal Improvement, or any other person, or persons in any way in the service or employment of the State, and if any state of whom and to what extent and amount.

Answer.

I have answered specifically so far as I am able to answer, but have mental or other reservations, and am ready to give my opinions or belief, if they could be considered valuable, on any given subject, but have no accusations to make against any officer of the State, or any person who is or has been such officer. As to the current rumors of official misconduct I can only say that I consider them generally as rumors until proof renders them tangible.

Interrogatory No. 26.

Do you know of any instances in which the funds of the State have been either directly or indirectly made use of, to purchase, at a discount or otherwise, the depreciated paper of the banks of Michigan or any other State, with which to pay contractors or laborers on the public works, or any of them? If so, state particularly who, whether individuals, companies, or corporations; and to what amount, and to whose benefit? State all you have heard which you have good reason to believe to be true, in reference to all or any of the above particulars.

Answer.

I long since heard, probably in 1837, that the laborers and contractors were paid in the notes of the Farmers' and Mechanics' Bank of Michigan, on the Wabash and Erie canal; but by whom, or to what amount, I do not remember. I was told so by persons who had worked on said canal. That money was then at a small discount, but the bank was considered pretty good.

Interrogatory No. 27.

Have you or have you not stated to any one, that any commissioner or other officer employed Mr. Alvord to buy up a certain amount of estimates or other evidence of claim against the State at a discount? If so, state all you have heard which you may have reason to believe to be true?

Answer.

I know not that I ever stated that Mr. Alvord was so employed by any commissioner or other officer. I never meant to say so. The facts are these:—As I understood the matter, Mr. Alvord was employed by Gov. Noble to go with the engineers as a clerk, to assist in settling contractors' claims preparatory to their payment in 1840. Mr. Alvord was absent several weeks, engaged in these settlements. I do not know that he bought estimates for any person to any considerable amount,—not more, that I know of, than one hundred and fifty dollars. I heard, from persons who resided near and at Andersonstown, that he bought some fourteen or fifteen hundred dollars of estimates of contractors, at from fifty to sixty-two and a half cents to the dollar. Mr. Alvord denied to me that he made such purchases. Mr. Alvord was afterwards employed in similar services on the Madison railroad, but I do not know whether he was engaged in buying these claims, but he always denied having been thus engaged. Mr. Alvord was my partner in the exchange business, and should not have made any such purchases without reporting them to me. I do not know on whose account any estimates were purchased, if any, other than the one hundred and fifty dollars' worth which he accounted for to me, as being for the benefit of our firm.

Interrogatory No. 28.

Are you correct in saying Mr. Alvord was absent several weeks? In the purchase of the one hundred and fifty dollars in claims for your house did Gov. Noble derive any profits? Whose claims to the amount of fourteen hundred dollars were they, and from whom did you get the information? Do you not know from Mr. Alvord and Gov. Noble, that as a condition to his employment, he was not to purchase claims?

In the operations of your house did Gov. Noble ever derive any profits, whether in treasury notes or otherwise?

Answer.

I am correct in the statement that Mr. Alvord was absent several weeks, but mean to include his absence both on the canal and railroad.

The one hundred and fifty dollars in claims, which I was interested in as being purchased for our firm, were for our use and benefit alone; Gov. Noble had no interest or profit in them.

I do not know that I was told whose claims had been purchased by Mr. Alvord in making up the reported sum of fourteen or fifteen hundred dollars. The claims which Alvord reported to our office were small ones, and we never kept any register of the names of certificates purchased by us. I was told of this purchase of estimates of fourteen or fifteen hundred dollars by Alvord by several persons; but, on enquiring of them, they seemed to know but little of the matter from their own personal knowledge. Among the persons who mentioned it to me was Mr. Andrew Wilson, John Jordan, and probably others.

I think Alvord told me that Gov. Noble did not wish him to deal in claims while he was acting for him on the works.

I know of no profits derived by Gov. Noble through any purchases of certificates or treasury notes by our house.

WM. HENDRICKS, jun., was sworn, and submitted his replies to the following questions:

Interrogatory No. 1.

Are you or have you been secretary in any office in Madison? Of what company are you secretary and how long have you been so?

Answer.

I am and have been secretary of the Madison Savings Institution three or four years.

Interrogatory No. 2.

Which of the present or late Fund Commissioners or Board of Internal Improvement are or have been stockholders of the company aforesaid? State all you know on that subject?

Answer.

Milton Stapp is a stockholder in said institution. No other fund commissioner or member of the board of internal improvement is now or ever has been. Stapp owns 200 shares of stock; five dollars per share paid in.

Interrogatory No. 3.

What funds have been deposited with your institution, at any time for the use and construction of the Madison road, whom deposited by, and when and to whom disbursed?

Answer.

I do not know that any funds were ever deposited in the Savings Institution for that purpose. There was a package of State bonds left in the vault for safe keeping, by Mr. Stapp, which was afterwards delivered to Mr. Jno. King. How many, and for what purpose, I know not. Mr. Stapp has made deposits in that office, both as fund commissioners and individually. The fund commissioner account is hereto appended and made a part of my answer, marked A. His individual account is also here exhibited, marked B, and shows a balance in his favor, of \$6,324 51. He has also made a loan of \$3,560 to the office of \$50 treasury notes, to be returned him at a specified time in good funds. I know that checks of his were paid to John King of amounts that I understood were to be paid out on the railroad to contractors. At one time 3,400 dollars, at another 490 dollars, at another 100 dollars, and at another 110 dollars. These amounts were paid in current funds, such as were deposited, or funds equally good. I frequently collected or received moneys due Mr. Stapp individually, and passed them to his credit on the books; such as dividends on his bank stock, and money due him on notes, &c. His deposits made by himself were made in Gallipolis and Circleville money, treasury notes and currency of various kinds; how much in each kind I cannot ascertain. The kind is in but few cases noted in the books, except to say currency, when made in currency. I cannot tell from whom he received money so deposited, but he has informed me that portions of his account were of funds that came to his hands as fund commissioner.

Interrogatory No. 4.

How much Gallipolis money has ever been deposited by M. Stapp, fund commissioner, in the office of the Madison savings institution?

Answer.

I cannot tell, for the reason before given.

Interrogatory No. 5.

Did he ever leave with you or sell to you any Gallipolis money of which you made no entry or memorandum in your books? If so, state the circumstances.

Answer.

I have no recollection of his doing so. I believe he never did. He has left money and packages over night, or for a few days, for safe keeping, in the vault of the office.

Interrogatory No. 6.

Through whose instrumentality was your agency for Sherwood brought about? Did or did not M. Stapp advise you to accept the agency? State whether you know or think he was interested directly or indirectly in doing so.

Answer.

I believe M. Stapp was instrumental in procuring me the agency of Sherwood. He, Sherwood, came to me with a letter of introduction from Mr. Stapp, and after disclosing his business, inquired who would make a good agent or agents. I proposed to go with him to persons that I thought would be efficient in his business. He declined doing so, and made me his agent with request to get others myself to help. This I did. I both know and believe that M. Stapp was instrumental in procuring me that agency. I am his son-in-law, and I believe he was only interested on that account. I do not think he was in any way interested in the purchase of treasury notes with Gallipolis money. I never heard him say so, nor Sherwood either. He was interested in my welfare, and not otherwise, as I believe.

Interrogatory No. 7.

Were you M. Stapp's agent in the Gallipolis transactions? State the whole circumstances connected therewith.

Answer.

I was not M. Stapp's agent in any transactions of his in Gallipolis money, and I do not believe he had any agent. I understood it that I was acting for no one in Gallipolis transactions but Sherwood. I never understood from any source, that M. Stapp was interested in any way in the profits of these transactions which I made for Sherwood. Sherwood came to me in person at Madison, with the letter of introduction aforesaid, employed me as his agent to invest Gallipolis money in 50 dollar treasury notes. I undertook it, and with the assistance of agents, which I made, bought 37,250 dollars treasury notes with Gallipolis paper. Then the Gallipolis Bank broke, and stopped the business, which was in February last. I then made out a statement of the whole transaction, (an account current with Mr. Sherwood) and sent it by Mr. Stapp to settle with him in New York.

I also delivered the treasury notes and Gallipolis money on hand to Mr. Stapp, which he brought home with him after settlement with Sherwood, as he informed me. I know that he had treasury notes in a trunk in the vault of the savings institution, which I believe were the same. I cannot tell what he has since done with them. I believe the sum loaned to the savings office was part of them, which is 4,000 dollars, at eleven per cent., 3,560 dollars as above,

June 12,
 August 13,
 August 13,
 December 2,
 December 8,
 December 8,
 Balance,

3,400 00	
110 00	
490 90	
100 00	
400 00	
50 00	
6,324 51	
<hr/>	
\$61,652 83	

Balance,

\$61,652 83
<hr/>
\$6,324 51

GEO. GIVENS submitted his replies to the following questions.

Interrogatory No. 3.

Who are the individuals that compose the bond company at Madison, Ind.?

Answer.

I have always understood and believe John Woodburn, George W. Leonard, V. & J. King, and William Hendricks to be the bond company at Madison, Indiana.

Interrogatory No. 4.

Have you at any time had any knowledge of any transactions of any kind whatever between what is called the bond company and Milton Stapp, Fund Commissioner, either before or after N. Noble became Fund Commissioner? If so, give all the information relating thereto that you may have heard spoken of by Mr. Stapp or the bond company or any member thereof.

Answer.

The Bond Company and Mr. Stapp, Fund Commissioner often held meetings in the office of the Madison Insurance Company. I was never knowing to the particulars of said meetings. I recollect at one time after one of their meetings when all had left the office except Mr. John Woodburn, he remarked to me that he had succeeded in getting M. Stapp to become responsible for his proportion of all losses that the Company might sustain through his operations for said company, and also remarked that they now had him in a position that he could be compelled to stand up for their interest.

Mr. Woodburn told me that they had in their possession a letter from Mr. Stapp stating that he was or would become responsible for his proportion of all losses that might be sustained by the Company.

Interrogatory No. 5.

Have you any idea judging from any transactions or information you may have received from any source whatever, that there has been any transactions whatever between M. Stapp and the Bond Company or any member thereof either in State bonds or State scrip? Give us all the information you have in regard to any transaction, contract, or agreement, or understanding whatever that has any appearance of corruption, wherein the State or any person may have been the loser or sufferer.

Answer.

I recollect of hearing several of the Bond Company speak of the fine opportunity of making money by buying State bonds in the hands of the contractors on the Rail Road at \$750 per bond and paying them out at par, on the estimates of contractors on the Rail Road and to Mr. Stapp Fund Commissioner upon their final settlement with him.

By request of some of the members of the Company, I bought several State bonds at \$750 per bond, and knew that a number of other bonds were bought by said Company at the same price. The greater portion of the bonds were bought I believe from contractors on the railroad. The time of buying these bonds was, I believe, during the years 1839 and 40. About the 4th or 5th Dec. 1841, Mr. John King handed me \$16,250 of \$50 Indiana scrip and requested me to go to Cincinnati and dispose of them for other funds. I went but did not sell any of said scrip. The greater portion of said scrip is still in my possession having disposed of a portion in Madison since my return from Cincinnati. I do not know positively to whom this scrip belonged, but at the time of receiving said scrip, I was under the impression that said scrip was the property of the Bond Company, from the fact that I was informed by some of the Company that a portion of the proceeds of said scrip would go to the payment of several notes of said Company, and the fact of it having been handed me by Mr. John King one of the Company under whose charge the money of the Company was generally kept. Mr. George W. Leonard informed me on the 5th or 6th Jan. 1842 that said scrip was not the property of said Company, but was private funds.

Interrogatory No. 6.

Do you know or have you any idea that M. Stapp is or has been the agent of what is called the Bond Company, to transact their business or any part thereof, either in selling bonds or collecting the proceeds thereof? State all you know on the subject.

Answer.

I never for a moment doubted but what M. Stapp was in fact their agent, for I heard members of that Company say that they were afraid that M. Stapp was more interested in giving his attention to some other of his transactions in which he was engaged, and that they thought it was necessary to send on one of their Company to N. York, and let him see that their interest would be properly attended to.

Interrogatory No. 7.

Who are the principal stockholders and directors of the Madison Insurance Company?

Answer.

The principal stockholders in the Madison Insurance Company are John Woodburn, Wm. Hendricks, V. & John King, Geo. W. Leonard. The directors of said Company are John Woodburn, Wm. Hendricks, Victor King, Geo. W. Leonard, and Culver Woodburn.

Interrogatory No. 8.

State whether you bought any State bonds for the Bond Company after the 26th Jan. 1841.

Answer.

I recollect of none.

GEO. W. BRANHAM was sworn and answered to the following interrogatories:

Interrogatory No. 1.

State whether you ever heard the Madison Company say they had lost money by Stapps' sales of bonds and generally what you have heard them say upon said subject.

Answer.

I was in Madison some time after the failure of the Newburyport Bank, and was in the office of the Madison Insurance Company, in their counting room; John Woodburn, John King, and Geo. W. Leonard were present, when a conversation took place on the subject of an estimate that was then due on the Madison & Indianapolis railroad, when Mr. John Woodburn, I think it was, spoke of the loss they had sustained in the sale of some of their bonds, east, by Gen. Stapp, that he had sold bonds and taken Newburyport money; that they intended to pay the estimate with that money, but since the bank had failed that they would have to borrow money to pay the contractors, and at some of the payments of estimates the contractors were required to take \$50 State scrip in part for their estimates, at par, and when objections were made, it was offered as a reason that they had lost so much money that they could not pay in any better funds.

Interrogatory No. 2.

Are you a contractor upon the Madison road, or have you been? In what kind of funds have you been paid, whether in bonds, treasury notes, or cash? If in the two former, at what rate, and by whom were you paid?

Answer.

I have been engaged in connexion with others as contractor on the Madison and Indianapolis Railroad during the past season.

Under the provisions of a contract entered into, early last spring, with the State by Dr. Mason, Commissioner, on the part of the State, I was engaged in furnishing the materials and laying the track of said road, from Vernon north to six miles, for which I was to receive Indiana five per cent. State bonds in payment, at 88 cents to the dollar; at the time the contract was made Mr. T. A. Morris, who wrote the contract, mentioned in it, that the estimates were to be paid by Messrs. King, Woodburn & Co. As to the arrangements with them I know nothing, but when an estimate was made out by Mr. Morris, I receiv-

ed a draft on the Fund Commissioner for the amount, on the back of which Morris would write, "To be paid by Messrs. Kings, Woodburn & Co.," which estimates I got of John King, except the last or final estimate which I got a check for as before, and on application to Mr. King, he replied they had no bonds, and could not pay, and so the matter stands.

Interrogatory No. 3.

How much less would you have taken your contract for, if paid in cash instead of bonds, at 88 cents to the dollar?

Answer.

At the time I entered into contract with the State, Indiana state bonds were worth in cash 75 cents on the dollar, and I based my estimate on that amount, as I felt confident in my own mind, at that time, bonds would keep up to that price. I would not be willing to take a contract of the same kind for less than that amount in cash. My contract was made early in the spring, before bonds had taken so heavy a fall as they did in the latter part of the spring and summer.

Interrogatory No. 4.

What was the amount of your contract, and what have you received on the same?

Answer.

The whole amount of my estimate, in state bonds at their face, would be about \$20,000. I cannot state the precise amount, as I have not the necessary papers with me to determine that fact. I have received in bonds at their face about \$12,000. Here I wish to explain. As my contract was for bonds at 88 cents to the dollar, my estimate was made out at that rate, and when the payments were made, 12 per cent. was added to the estimated amount, in order to determine what was due me in bonds.

JOHN KING, returned answers to the following interrogatories.

Interrogatory No. 9.

Has the Madison Bond Company, or yourself, or any member of said company, at any time bought state bonds at a discount, and made payment of said bonds a second time to contractors, as a payment from the State at par, or at a less discount than that at which said bonds may as aforesaid have been purchased? If so, state all the circumstances connected with any such transaction.

Answer.

Something more than one year since, our company did purchase 20 bonds at 75 cents to the dollar, with our own funds. These bonds we returned to the State in part payment of a loss which our company had sustained on account of the Seneca county debt, which may be seen by a reference to our settlement with the late Fund Commissioner, dated January 26, 1841. Excepting these the company, nor any member of it, so far as I know, have bought no bonds at any price, and as a matter of course have paid none so bought to contractors.

During the progress of the work on the road, when payments were made in bonds, it frequently occurred, that change could not be made in bonds, they being \$1,000; in such cases, I gave a note for the balance, to be paid in bonds, which was generally settled in bonds at subsequent estimates. When the last estimates were made, about the last of October last, the Fund Commissioner failed to furnish bonds for the payment, and as a matter of course these notes for fractions of bonds could not be settled in paying estimates. These notes, to the amount of several hundred dollars were compromised and taken up at from 50 to 60 cents to the dollar, part \$50, treasury notes, and part currency.

Interrogatory No. 10.

Has the Madison Bond Company at any time, paid contractors on the public words in \$50, treasury notes at par, which were bought by said company at a discount? If so, was the State benefited by such transactions? State all the particulars.

Answer.

In preparing to pay the cash portions of the March estimates, I had to resort to a loan, or fail to make the payment. Under these circumstances Gov. Noble authorized me to make a loan of treasury notes; as you may see by his letter 4th March, a copy of which has been furnished the committee. In obtaining this loan, which amounted to between eight and nine thousand dollars, there were from \$1,000 to \$1,500 in treasury notes, \$50, which I took with the balance at par. These \$50's were paid to the contractors at par, in about an equal ratio. On these, the company made no profit, as I returned the whole loan in currency.

In providing for the cash part of the June estimates, Gen. Stapp, who provided the same, gave me \$5,000 in Treasury 50's and a check on the Savings Institution for \$3,400. These 50's were paid to contractors at par in about the same proportion, that is as 5 is to 4. On these the Company made nothing by discount, as I took them at par, and so rendered an account to Gov. Noble.

Some time about the 1st Nov. last, and after the Fund Commissioner had failed to furnish bonds for estimates made shortly before, the Messrs. Stew-

arts had an estimate on which a balance was due, they having sometime previously received 5 bonds on Mr. Morris's order. This balance was compromised and settled by giving them two bonds, the last I had on hand, and about \$4,000 of 50's Treasury notes, which were paid them at par, at the rate of about 68 or 9 cents to the dollar on their estimates. The State lost nothing by this transaction, as the Treasury notes were received of Gen. Stapp at par. Said Treasury notes are included in an account rendered to Gov. Noble.

Interrogatory No. 11.

Did Gen. Stapp represent to you that the Fund commissioner had the authority to disburse moneys or pay out State bonds upon the public works? If yea, state all he ever said to you in relation thereto and whether he said he would exercise such authority as aforesaid and whether he did so, and to what amount.

Answer.

Gen. Stapp may or may not have represented to me that the Fund Commissioner had the authority to disburse moneys on the public works. I have no recollection of Gen. Stapp having expressed an opinion to me on the subject, though I think his opinion is that the Fund Commissioner has that authority. Gen. Stapp never represented to me that the Fund Commissioner had the authority to pay out State bonds on the public works, nor did he, to my knowledge do so.

For the information of the Committee, I will here give a history of our transactions with Gen. Stapp.

In Oct. 1839, the Madison Company made a conditional contract with the Fund Commissioners for the sale of an amount of bonds not to exceed \$455,000, which contract is in the words and figures following: "Memorandum of an agreement made and entered into this 19th day of Oct. 1839 by and between Milton Stapp, and Lucius H. Scott, Fund Commissioners of the State of Indiana, of the first part; and William Hendricks, John Woodburn, George W. Leonard, Victor King and John King of the second part, witnesseth, that the said parties of the first part have this day sold to the parties of the second part, Indiana State bonds to an amount not exceeding \$455,000 of the Indiana 5 per cent State stocks under the act entitled "An act for the further construction of the Madison & Indianapolis Railroad, approved Feb. 6th, 1839," at and for the sum of eighty-eight dollars to the one hundred dollars of State bonds. The sums to be paid by the parties of the second part, to be laid out and expended, under the direction of the Board of Internal Improvement, on said railroad; said bonds to be delivered to said parties of the second part in the city of N. York, on or before the 10th Dec. next. And the said parties of the second part agree and bind themselves to make payment to the said parties of the first part, in bank paper current in the ordinary business transactions of the State of Indiana at the time of payment in instalments as follows, to wit: on or before the first day of March, 1840, the one sixth part of the amount so sold; on or before the first day of May, 1840, a like sum of one sixth part of the amount so sold; and so on, one sixth part every two months until the whole shall be paid; so that the last payment shall be made on or before the 1st day of Jan. 1841. The payments to be

made in Madison Indiana, and if any payments shall at any time be made before due, interest thereon shall cease. And the said parties of the second part further agree, that they will make their promissory notes to the said parties of the first part, for the payment of the sums as above mentioned, and have the same guarantied by the Madison Savings Institution, and the Madison Insurance office, to be delivered to the Fund Commissioners so soon as this contract is consummated. And it is further agreed, that if no satisfactory arrangement can be made by said parties of the second part with the comptroller of the State of N. York, on or before the 1st day of Jan. next, on the usual terms of accepting such bonds of similar character as heretofore, as the basis of circulation under the free banking law of that State, at the rate of from \$85 to \$100, or if no other satisfactory disposition of said bonds can be made by the said parties of the second part, then the said parties of the second part will not be bound to take said bonds, or confirm said contract. It is further agreed that the said party of the second part shall pay six per cent per annum interest on all sums of their contract remaining unpaid from the first day of January next, until they make payment, and that the State bonds shall bear an interest of 5 per cent. from the said 1st day of Jan. next.

Witness our hands and seals this nineteenth day of October, A. D. 1839.

(Signed duplicates)

M. STAPP, F. C.	(SEAL)
L. H. SCOTT, F. C.	(SEAL)
WM. HENDRICKS,	(SEAL)
JOHN WOODBURN,	(SEAL)
GEO. W. LEONARD,	(SEAL)
V. & J. KING.	(SEAL)

While this contract was pending and before a single bond was delivered to the Madison company, under the contract, Mr. Stapp, as fund commissioner, sold one hundred and eighty bonds of state stocks: first, one hundred to the Binghampton bank; second, forty to the Staten Island bank; and third, forty to the Seneca County bank; and, by letter to us from New York, requested the Madison company to take the sales he had made as above, under the contract referred to. This we declined doing, and sent John Woodburn, one of our company, to New York, to see what could be done with bonds under our contract to the State, with instructions that if bonds could not be sold in the New York market for cash, to give notice to Gen. Stapp, under the contract, that the company would *not be bound to take said bonds, nor confirm said contract*. On Mr. Woodburn's arrival in New York, as I am informed and believe, he again refused to take the contracts made by the fund commissioner with the Binghampton, Staten Island, and Seneca County banks, and gave to him the notice above referred to. Gen. Stapp then, by endorsement No. 1 on the bond,

(“NEW YORK, Jan. 2d, 1840.

“Further time is hereby given to the within named Woodburn, Hendricks, Leonard, and Kings, (of the contracting parties) for the consummation of said contract, until the first day of March next; and

a like extension is hereby given for the payment to be made by them, they paying interest.

“For the Fund Commissioners,
“MILTON STAPP.”)

Gave further time to the first of March following, for the company to confirm or reject said contract, and in the mean time returned home, and persuaded the company to take the sales he had made to the Binghampton, Staten Island, and Seneca County banks, which was done. Thus were one hundred and eighty bonds of the contract for four hundred and fifty-five disposed of, without a single bond, as yet, coming into the hands of the Madison Company. The obligations and securities taken from the above named banks for the one hundred and eighty bonds were left with Gen. Stapp, as collateral security for the amount owing from the Company to the State for the one hundred and eighty bonds; the payments, when due, to be received by him and credited to us. On the first of March, 1840, by endorsement No. 2, on our contract with the fund commissioners, in the words and figures following,

“No. 2.

“MADISON, March 1st, 1840.

“The within contract is further intended as above, (except *time* of payment on a sale of one hundred and eighty thousand dollars of bonds sold) for four months.

“For the Fund Commissioners,
“MILTON STAPP, } Comm’rs.”
“N. B. PALMER, }

The time for confirming or rejecting the same was continued for four months longer, (say first July.) Within this time the contractors on the Madison and Indianapolis railroad were in a fever to go on with their work, and wished to know how and when they were to be paid if they did so go on. In a conference between us and Gen. Stapp, he (Stapp) took the ground that it was useless to go on with the work, unless there could be some general understanding with the contractors as to how they should be paid; that he could only raise about one third of the amount necessary to carry on the road, in money, from the bonds sold, and that if the bond company could not make sufficient out of bonds, under the contract of October, 1839, to pay the residue, that the road must be abandoned. Under these circumstance it was understood, from most of the contractors, that they would take one third money and two thirds bonds at par, or all bonds at eighty-eight cents to the dollar. It was then agreed between the bond company and the fund commissioners, that they would confirm the contract of the nineteenth of October, 1839, so far as they could use the bonds in payment of contractors, and no further; and, as the fund commissioners shortly after left for New York, he, after arriving there, (about the first of May, I think,) sent to the Madison Savings Institution one hundred bonds, subject to my order, as his agent, to be delivered by

me to the Madison Company, or the contractors for them, for drafts and estimates on the Madison road. That, on the first of July, 1840, by endorsement No. 3, on the contract of October, 1839, in the words and figures following,

“NEW YORK, July 1, 1840.

(“No. 3.) “The within contract is further extended, as above, for four months longer.

“MILTON STAPP, Fund Com'r.

“N. B. PALMER, Fund Com'r.”

The time for rejecting or confirming the contract was continued four months longer,—say first November. On the twenty-fourth October, 1840, estimates on the road were to be paid at Vernon, to which place the fund commissioner, Gen. Stapp, and myself repaired, and he paid to a portion of the contractors one third money, and I, on behalf of the Madison Company, two thirds bonds, at their face, to the amount of eighteen bonds. The other contractors were paid in bonds at eighty-eight cents to the dollar, on account of the Madison Company, amounting to twenty-three bonds, making in all forty-one bonds. As these bonds were handed to contractors they were charged to the Company at eighty-eight cents to the dollar, and the estimates for them delivered to the fund commissioner, all of which was reported by him to the Legislature in 1840-41. On the first of November, 1840, by endorsement No. 4, on our contract,

(No. 4.)

MADISON, Nov. 1st, 1840.

The within contract is further extended, as above, 4 months longer.

M. STAPP, }
N. B. PALMER, } Fund Com's.

The time for confirming or rejecting the contract was further extended, four months, say to 1st March, 1841. These were all the bonds used or paid out while Gen. Stapp was Fund Commissioner, and up to this time, not a single bond had gone into the Madison company except the forty-one, in the way above described paid to contractors 24th Oct. 1840.

On the 26th day of January, 1841, a full and final settlement took place between the Fund Commissioner Gen. Stapp and the company, by which the contract was fully cancelled, so far as it could be done in writing, and the obligation given up to the company. This settlement, and writing cancelling contract, I think the committee have a copy of on file.

In this settlement there was still 59 bonds left in my hands, not as the agent of the company but as the agent of the Fund Commissioner which 59 bonds reported to Gov. Noble, and still left with me as his agent to be applied under the arrangement with him for carrying on the road.

The above gives a pretty full history of the company's transactions with Gen. Stapp while he was Fund Commissioner. He afterwards gave to me

\$10,000 in cash and \$5,000 in Treasury notes for the purpose of carrying on the road under the arrangement with Gov. Noble, and also 30 bonds in August or September following for the same purpose. Gen. Stapp also gave to the Madison company about \$23,000 of \$50 Treasury notes for which and for the \$10,000 currency and \$5,000 Treasury notes we gave him estimates on the Madison road which have been reported to the present Fund Commissioner.

Interrogatory No. 12.

You say in your answer that the 59 bonds left in your hands by Gen. Stapp were left with you as agent for the Fund Commissioner. What were you to do with them as his agent?

Answer.

After the 26th Jan. 1841, Gen. Stapp was still Fund Commissioner and until Gov. Noble came into office I was still his agent as Fund Commissioner, although the company had settled their account with him and taken up their contract. I had deposited or left the bonds in the vault of the Madison Insurance office for safe keeping, and Gen. Stapp did not call on me to deliver them to him. Thus they remained until Gov. Noble came into office, when I reported them to him, and Gov. Noble recognized my agency for Gen. Stapp, until the time they changed office, by saying in his letter to me, he wished to continue my services as agent.

These 59, I stated, were left with me to be applied in payment of estimates to contractors, if needed, under the arrangement with Gov. Noble.

EDWARD FERRALL was sworn and answered to the following questions:

Interrogatory No. 1.

Are you a contractor on the Madison & Indianapolis Rail Road? If so, state whether your contract was for labor, materials, or for what, and how you were paid and by whom. State also how much you were paid, and whether you were paid in bonds or cash, and what difference was made between bonds and cash in the contract.

Answer.

I am not now but have been a contractor on the road, the first time it was let from Madison to Vernon. My contract was for labor, such as excavations and embankments, and I was paid by John Woodburn by checks on the Madison branch bank. As to how much I was paid, I cannot recollect without referring to my books which I have not with me here. I was paid in cash and not in bonds; the difference between I do not know, at that time, but now, it is considerable.

Interrogatory No. 2.

Did the Madison bond company, or any member thereof or Gen. Stapp, ev-

er say to you any thing about Stapp being the agent of said company? If so, state all the conversation on that subject.

Answer.

The Madison company or members, or Gen. Stapp, never said anything to me about such agency.

Interrogatory No. 3.

Did you ever have an extra allowance for excavating hard pan? Who made the allowance; and how much was the allowance? Give us all the particulars relating thereto.

Answer.

I had a great deal of hard pan which required blasting, on Sec. No. 2 of 2d division of the Madison Road. I proposed abandoning said Sec. to John Woodburn acting Commissioner, because it cost me so much for powder and hands, and my excavation not justifying powder to be used. I told Woodburn, unless he allowed me for hard pan, that I would have to give it up; he told me to follow on, and that he would allow me for it, and Mr. Patterson was told by him or Beckwith to keep an account of said hard pan. I got one estimate of \$1,100, which I thought at the time was for hard pan, and when Gov. Noble came into office, he retained it from my partner on another section. I and partner came to Indianapolis about it. Mr. Morris said it was an over estimate, not on the Sec. book; so Gov. Noble told us if we would get John Woodburn to say that he promised us hard pan he would have it adjusted.

T. A. MORRIS replied to the following interrogatories.

Interrogatory No. 5.

State any information you may have obtained from any source, which you have reason to believe to be true, relating to any officer or agent of the State buying up, either directly or indirectly estimates, or any other evidence of debt, from contractors, or any laborers on any of the public works; also as to any agent of the State paying out Gallipolis or any other depreciated paper.

Answer.

I do not know of any officer or agent of the State having bought up estimates, or other evidences of debt, from contractors, or laborers, either directly or indirectly, nor have I heard of any transactions of the kind from any source that I believe entitled to credit. Mr. Alvord whilst assisting me as a clerk to make settlements at Andersonstown and Vernon, I think informed me that he had purchased some claims of laborers, but that he had been forbidden to do so by Gov. Noble, whilst acting as clerk. I was paid at one time by Gen. Stapp, at the Fund Commissioners' office, I think about \$1,300 of Gallipolis paper, for the Engineers on the Madison Road, and I think, I have also received either from Gov. Noble or upon his orders, at other times Gal-

lipolis paper for similar payments, but do not recollect when, or what amount. Bank notes, I think small bills, and some \$50 Treasury notes were paid out to contractors, at several estimates on the Madison road, since the work has been paid for through the Madison company. I do not know whether the paper was depreciated or not, as I paid little or no attention to the payments. The Treasury notes were below par, but do not recollect how much.

Interrogatory No. 6.

Do you, or do you not know of any Commissioner or any agent of the State, under the system of Internal Improvement, receiving any gratuity, or having any conventional understanding with any contractor, that a certain portion of his compensation should be paid in merchandise?

Answer.

I do not.

NOAH NOBLE was sworn and submitted his answers to the following interrogatories:

Interrogatory No. 1.

Whilst acting as Fund Commissioner, state whether you or any other Fund Commissioner owed moneys, held stock in, or obtained any accommodation from any bank, or company with whom either you or they had business transactions on account of the State of Indiana; and whether any speculations have been made by you or them in which the stocks or other funds of the State have been used in any way.

If any transactions like those above alluded to took place before you were Fund Commissioner then state all you may have heard respecting the same which you have any reason for believing to be true.

Answer.

Neither before nor since my appointment as Fund Commissioner have I held any stock in any bank in N. York, nor elsewhere. I had no loan or accommodation for private purposes of any bank or company or corporation, with which I have had official transactions; nor have I employed the public stocks, securities, or funds in any way but to advance and protect the interests of the State.

As regards the official conduct of my predecessors I have no knowledge of official improprieties in reference to transactions with banks, corporations, or companies, such as would be deemed so under the first interrogatory. In my official communication to the Legislature, I have alluded to transactions wearing the semblance of speculations, in as strong terms as I felt justified, and until the committee shall arrive at those points in the course of their investigation, I wish to be excused at least from reporting any thing I may have heard or believe on the subject.

Interrogatory No. 2.

Under what circumstances and for what purpose did you hypothecate \$250,000 of Indiana bonds in Wall street at 35 cents to the dollar, mentioned in the New York Herald of the 18th ult. or is the statement in relation thereto true or false?

Answer.

I have not whilst Fund Commissioner hypothecated any bonds in Wall street, but continued those pledged by my predecessor. They are the 246 mentioned in the hands of Messrs. Hunt & Co. in the report I recently made to the Legislature. Not having seen the Herald, I can say nothing further of the contents of the paragraph alluded to.

Interrogatory No. 3.

Upon the interest of what loan was the \$30,000 applied of bonds left with McAlister & Stebins for the last July interest?

Answer.

Having failed to procure funds upon the seven per ct. bonds directed by law for the payment of the July Interest, the bonds instead of money were offered at the solicitations of some of the holders of stocks. They were to be delivered to any owners of our bonds who would present the coupons or interest checks, cut from any of our stocks, no matter what loan or class.

Interrogatory No. 4.

State if you know by what authority and for what purpose M. Stapp was in New York during the past season as connected with the financial interests of the State.

Answer.

It has been usual and would seem proper that the experienced commissioner should remain a short time in the east, to acquaint his successor with many things that the mere delivery of the papers would not do. General Stapp remained from a request I made on my arrival, and delivered papers from time to time, until I left the city the last of April. He was not detained by any service of the State, after the close of that month, but did not leave until the first of May. His stay in the city, in the summer and fall, had no connexion with the financial interest of the State, nor was it at my request. Returning by way of the lakes, I requested him to make some enquiries at Buffalo and Detroit relating to the claims there, and particularly as to the Pontiac claim.

Committee then adjourned over to the evening of the 8th, to meet in the Capital, at six o'clock.

J. C. EGGLESTON, *Chairman.*

Committee met in pursuance to last adjournment in the Capital, on the evening of the 8th, at 6 o'clock. All present.

T. W. GRAHAM, was sworn and returned answers to the following questions.

Interrogatory No. 1.

Have you been a contractor on any of the public works? If so, state what work or works?

Answer.

I have been a contractor on several public works, to-wit: 1st, I was a partner in building the Silver creek bridge, and had, myself, two sections, all of which were on the Jeffersonville and Crawfordsville McAdamized Road: 2d, I have had two sections on the Madison and Indianapolis Railroad.

Interrogatory No. 2.

Do you know of any commissioner, or any officer in the pay of the State, shaving or speculating off of contractors? If so, state who they were, and all particulars.

Answer.

I do know of L. B. Wilson buying claims against the State from contractors, and paying in Gallipolis paper, and was credibly informed at a discount of five per cent., when at the same time, the money was not considered good, for the reason that it was said, and told me by one of his assistants whom he paid in that paper, that if he could not circulate it he would take it back.

Interrogatory No. 3.

When settling for work done, were you paid satisfactorily or not?

Answer.

I was not settled with satisfactorily, nor have I been settled with since the 15th April, 1840. I gave the acting commissioner notice of an account which was kept for my special benefit, viz: in looking over L. B. Wilson, the engineer's books, to my astonishment, I found three final estimates made out for the 27th section of Jeffersonville and Crawfordsville Road. First was Nov. 30, 1839, for \$8,250 83, which I was informed by one of the assistants, was my correct estimate, and when my estimate was presented to me for settlement by said Wilson, it only amounted to \$7,469 09; which makes a difference in the three

of \$781 74. I have not given you the second estimate which was made on the books, but do say that there were three made out; first on one page of his book; second on the second page; and on the third, I find the one that I was compelled to abide by, which I did not until John A. Graham, gave me the following:

T. W. Graham, contractor on the 27th and 28th sections of the Jeffersonville and Crawfordsville MacAdamized road, has this day signed triplicate receipts on final estimate made on said sections, amounting to \$7,469 09; but at the same time gives me notice that he is dissatisfied with the estimate made by the engineer. April 15th, 1840. Signed, J. A. GRAHAM, *Act. Com'r.*

And last winter, I made application to Noah Noble, who was then commissioner for redress, and he paid no attention at all. Then as soon as Philip Mason was appointed commissioner, I first spoke to him and J. L. Williams, to have my claim adjusted, which was treated with silence. I then gave the board written notices of my claim, one of which, I present you a copy.

SCIPIO, June 8, 1841.

To the Board of Internal Improvement,

GENTLEMEN—This is the second time the undersigned has made application to settle and adjust his suspended claim against the State of Indiana, as a contractor on the Jeffersonville and Crawfordsville Road, under the act entitled an act to provide for the settlement of suspended claims for labor on public works, approved February 15, 1841; and for that purpose would select M. R. Stealey, Esq., of Ky., as my engineer. Being desirous of having the concern closed, I take the liberty of suggesting to the board to select an engineer immediately to represent the State.

I wrote to J. L. Williams on the 15th of May, and proposed, that if the board would allow me the reduction made by L. B. Wilson, of which he has the account, I would condescend, if not, I wished the limits of the law executed.

Signed,

T. W. GRAHAM.

To which Philip Mason made me a reply, in which there was nothing done; he stated, that it had better be compromised, as it would cost the State, and the contractor some 2,000 or \$3,000, of which I was aware, and always understand, the cost follows the suit.

Interrogatory No. 4.

Have you any complaints to make against the Board of Internal Improvement, under the act of February 15, 1841? If so, state all you know.

Answer.

I have not been in the habit of complaining of the board, but would merely say to this honorable committee, that I have been treated rather contemptuously on account of my suspended claim, which I requested them some six or seven times to adjust.

Interrogatory No. 5.

Do you know of any public officer purchasing property on, or near the line of the road? If so, state particulars.

Answer.

I do know that L. B. Wilson purchased a house and lot in the town Salem, in Washington county, where the Jeffersonville and Crawfordsville Road passed through.

Interrogatory No. 6.

Do you know of any officer of the State, speculating in the drafts of contractors, and paying in depreciated paper? State all you know.

Answer.

I know of none but what I have answered in my second answer, but believe all the Gallipolis paper that was put in circulation in Washington county, was circulated first by John A. Graham, and L. B. Wilson, engineer.

Interrogatory No. 7.

Has it ever been the habit of any officer giving drafts to laboring men, and not affixing his name thereto? If so, state the motives, and who they were.

Answer.

I do know of John A. Graham, giving a draft to one of my men for a sum not less than 40 or 50 dollars, to which his name was not signed, and was not registered by L. B. Wilson. Their motive I am unable to state, but believe that at the time I saw the draft that there was a partnership concern of it, as the man to whom the money was due, was a German, and could not read English; and had it not been for my interceeding, I believe the poor man would have lost his money.

Interrogatory No. 8.

If you have been a contractor on the Madison Railroad, state any

cause of complaint you may have, or which any other contractor has had.

Answer.

I have been a contractor on the Madison Railroad, and can say, that I have not been paid according to contract, either by the State, or Madison Bond Company, and believe every contractor on said road has had just cause of complaint.

Interrogatory No. 9.

If you have had any transactions with the Madison Bond Company, state particulars, and what your agreement was.

Answer.

I have had some little business with the Madison Bond Company, and on the 23d April, 1840, I entered into a contract with said company, of which I here give you a copy.

“We, the undersigned contractors on the Madison and Indianapolis railroad, do hereby propose to John Woodburn, V. and J. King, Geo. W. Leonard, and Wm. Hendricks, that we will go on and finish the sections designated by our contracts, and agreeably to said contracts, and receive from the fund commissioner therefor, or from you, should you become their paying agents, for the work hereafter to be done, one third in current bank paper, and two thirds in Indiana five per cent. state bonds, at par. For the work heretofore done we understand we are to be paid by said commissioner in treasury notes. It is understood that as soon as your arrangements are made to go on with the said work, this proposition is to be binding on us.

(Signed)

“BAT & MAHON.

“BRANHAM & TODD.

“T. W. GRAHAM.

“I do hereby certify that the above is a true copy of an agreement made with the above contractors,

(Signed)

“V. & J. King.”

The first estimate that was made on the railroad after the above agreement was complied with, the current bank paper that the contract called for was treasury notes of the denomination of fives. There were a great many due bills given to contractors for parts of a bond: say where an estimate amounted to nine hundred dollars, they paid one third in money and gave John King's due bill for the remaining six hundred, which due bill sometimes was sold, and at other times kept until we got another, for, say four hundred dollars; then, on presenting them to John King, we could get a bond. But very often contractors were obliged to sell those due bills at a discount, of from

twenty-five to fifty per cent. I sold them, one at a discount of twenty-five per cent. and another at least fifty per cent. discount.

Another estimate which was imposed upon the contractors was, that when John King came to pay out, he offered nothing but depreciated paper of Ohio notes, and fifty-dollar treasury notes, at par, which could have been bought in Madison or Cincinnati, at the time, at fourteen per cent. discount. I suppose you may say, Why not hold them to their contract? But I can answer by saying, that there were a great many needy, and the cry was, with the company, that it was take this or nothing,—we are not bound to pay you,—it is only an act of accommodation to pay you at all.

This is the way they treated men after agreeing, as you have seen, to pay in good currency. If I mistake not, I know one or two contractors who had to take all their money in fiftys, and lose from twelve to fourteen per cent.; and as you hold me to answer all the particulars, some time after this contract was entered into with the Madison Company, the State of Indiana had a payment of contractors and laborers in Vernon, Jennings county, where, when I came forward to present my draft for money then due me, I was informed by Mr. Thos. Morris not to present my claim to Mr. Elder, who was paying agent, as he would require me to relinquish my contract; and, if I presented it to John King, there would be no questions asked as to relinquishment; and, by not relinquishing, I might have a chance of prosecuting my work under the Madison Company. The money I received from John King was one half in fiftys, the other in fives, treasury notes.

CULVER WOODBURN received the following question, and returned his answer:

Interrogatory No. 5.

Who paid the drayage of the iron spikes—yourself or the State?

Answer.

I suppose the State paid it. I did not, except, perhaps, some small portion, when the river was rising so as to keep it out of the water.

JOHN KING submitted his answers to the following questions:

Interrogatory No. 13.

Did Stapp ever give the Madison Company a written guaranty? If so produce it or a copy thereof.

Answer.

None, so far as I know, except the letter, a copy of which is appended to my answer to the thirteenth interrogatory and is marked (D).

Interrogatory No. 14.

Was Stapp the agent of said Madison Company? Did he agree to bear any of its losses in any contingency, or had he at any time a part of the gains? State all you know on that subject.

Answer.

In my answer to interrogatory No. 11, I gave an account of the sale of one hundred and eighty bonds. The notes and collaterals for these sales were left with the fund commissioner Gen. Stapp, with the understanding that he was to collect the same as they fell due, and give us credit for the same. This is all the kind of agency that Gen. Stapp had for our company, so far as I know. He never was our agent to sell bonds to my knowledge. He did give us a letter proposing to bear a portion of losses, a copy of which is appended, marked D. The promise in said letter being without consideration, the company do not consider that they can hold him by it.

The company never have given Gen. Stapp any gains, as they have had none.

D

“MESSRS. WOODBURN, HENDRICKS, KINGS, & LEONARD,

“GENTLEMEN:

“Knowing that you have great fears as to the loss you may have by the failure of the Seneca county bank, and that you do not feel certain of being punctually paid by other institutions which are indebted to you for bonds sold to them, and feeling some apprehension that these fears will deter you from confirming your contract with the fund commissioners, and thereby defeat the progress of the work; and believing that it is very much for the interest of the State and the city in which I live, that this sale should be confirmed, and the road continued in progress, I do hereby bind and oblige myself to sustain the one fifth part of the loss you may sustain in the transaction, not asking any of the profits whatever. That I will attend to the collection of your Seneca county and other debts, and leave it to you to give me what you may think proper for that service. This I do to reassure you in the final result of your laudable undertaking, and to insure the prosecution of the road. Very respectfully,

“MILTON STAPP.”

“Madison, April 20, 1840.”

JOHN McDUGAL being sworn replied to the following interrogatories :

Interrogatory No. 1.

Were you a clerk to Alvord at the time he was employed by Noah Noble, on behalf of the State, on the line of public works?

Answer.

About two years since, whilst at Andersontown, I was requested by T. A. Morris, to assist him in adjusting the accounts of the contractors on the Central canal. Mr. Alvord was acting at the time in the capacity of commissioner for Gov. Noble, and I believe I was requested by him also to assist in bringing up their matters.

Interrogatory No. 2.

Did or did not said Alvord, whilst in the employment of the State, buy up estimates of contractors, or any evidence of claims against the State? If so, give the amount or probable amount he bought up.

Answer.

I will state that I am now under the impression that, at the time I was assisting him and Morris in the settlement with contractors, he, Alvord, did purchase some drafts or checks of the contractors or laborers—the amount I am not able to say.

Interrogatory No. 3.

In what currency did said Alvord pay for the estimates he bought up, and was Gallipolis money paid out in any case?

Answer.

I am not satisfied that he paid any Gallipolis paper for any estimates, but that he had that currency with him at the time.

Interrogatory No. 4.

At what rate of discount did said Alvord, at the time he was in the employ of the State, buy up any estimates?

Answer.

I am unable to say at what rate Alvord purchased any estimates, but recollect that others, (and may be Alvord, but I would not state positively as to him) purchased the drafts or checks given to the laborers on the canal at or near one half of their called value or amount.

Interrogatory No. 5.

For whom was Alvord buying the estimates? Was N. Noble a party? If so, state all you know. If so reported, state from what source, and your opinion also.

Answer.

I am not aware, nor do I know of any one but himself that he, Alvord, made the purchase for, alluded to. After my return to Indianapolis, I was told that Alvord was or had been purchasing the drafts of the canal contractors for Gov. Noble, and with Gallipolis money. I do not now recollect the source of my information. I have never entertained any definite opinion in regard to the matter; the probabilities being very nearly equal, that he was or was not so engaged in said purchases. The preponderance in my opinion, however, is, that he was either employed by Gov. Noble, or in some way interested in purchasing contractor's claims, and in getting off Gallipolis paper.

Interrogatory No. 6.

Did N. Noble know upon what business Alvord was employed, when he was buying estimates of laboring men, at the same time receiving pay of the State?

Answer.

I understood that Gov. Noble had employed Alvord to act in his stead in the settlement with the contractors on the Central canal, at the time alluded to in my answer to the first question. Mr. Alvord did sign Gov. Noble's name as commissioner, when it was necessary in the settlements.

Gov. NOBLE submitted answers to the following interrogatories:

Interrogatory No. 5.

Whilst acting as Commissioner under the system of Internal Improvement, did you, or either of your colleagues, directly, or by the medium of others, buy up, or in any way speculate in the estimates of contractors, or in any evidence of debt or claim against the State? If so, then state particulars, and whether you or they did or did not use the capital of the State for that purpose. State also the particular kinds of paper money paid out for such purchases, if any there were, or in payments of other demands against the State. State all you know, and all you may have heard which you have any reason to believe may be true.

Answer to No. 5.

I did not whilst a member of the board of internal improvement, in person, or through another, speculate in, or buy up the estimates of contractors with the public funds, nor so purchased the claims or other evidence of debt upon the State.

As to my colleagues, I can say with pleasure, I know of no instance in which either of them so employed the funds that may have been under their charge.

Interrogatory No. 6.

Did you or did you not, whilst Commissioner order the extending of the basin at Lawrenceburgh, until it reached a point at or near the land of your relative, and did you not sign a deed transferring land on or near Eel river to T. H. Brower for property at or near said extension of the basin at Lawrenceburgh? State your reasons for said extension.

Answer.

Whilst the acting Commissioner upon the White Water canal, the work was extended from the basin at Lawrenceburgh to the steam boat landing at the river, the distance something more than a quarter of a mile. The trade of the canal was liable to the expense and delay of drayage from the basin to the river, and from the river to the basin, in many instances requiring the agency of commission merchants in re-shipping perishable articles, and these difficulties would of course increase with the increase of the commerce of the canal. If not remedied, it was evident that the completion of the Cincinnati branch, would deprive the State of much of the trade, if not connected with the navigation of the river free from this delay and expense. My next reason is that the law of 1836 makes it the imperative duty of the Commissioner or Board to construct the canal "to the Ohio river" which had not been done, when I took my seat upon the Board. If the committee will examine the reports from Engineers and the Board, they will find this change or rather the completion of the line; has the concurrence of all the proper authorities. It is true that in locating the extension, the Engineer layed it through the out-lot or the grounds of the relative alluded to, but he could not reach the only and usual steam boat landing without going to or through the ground of that individual.

As to the property of Dr. Brower on the canal, I will say to the committee I have made no such purchase or exchange of property with him, neither while, before, nor since my term as commissioner. I do not now, nor have I ever owned any property on the canal.

J. H. HENDRICKS returned the following to interrogatories:

Interrogatory No. 25.

What amount was paid you by means of fictitious drafts, that you would not have received without the aid of the fictions? State as nearly as you can, if you can not be precise.

Answer.

This question I cannot answer further than that we received drafts to the amount of \$17,039, at the time said drafts were all fictitious as I understand the transaction.

Interrogatory No. 26.

State who suggested this fictitious mode of receiving payment, yourself, the commissioner or some one else?

Answer.

Gov. Noble. As to myself I never did directly or indirectly suggest the mode, or any thing like it, and I do not know that any one else did.

Interrogatory No. 27.

State whether the persons, in whose favor these fictitious drafts were drawn, were real or imaginary. If real, state their names; whether they were privy to the transactions, and whether their names were suggested by you to the commissioner for the purpose, or whether he selected them.

Answer.

They were real persons, not imaginary, and were not privy to the transaction.

In order to set the matter, as to the names of the persons used, in the light in which it stood, I will say that in a book, which I had then with me, and which I have now present, I had written the names of fourteen firms or houses as follow:

V. & J. King,
Wm. Stapp,
R. D. Kenhaw,
King & Reid,
S. S. Gillet,
Wm. Dutton,
Bake & Whitney,
Kelogg, Wells, & Ogden,
J. G. Moore,
Oglesbey & Brother,
Polleys & Butler,
Hartwell & McLean,
W. J. & C. T. Lodge,
Robt. Creswell.

When I was asked for names, I opened my book where said names were written, and without any comment upon the matter or names by me, and without being asked any questions about said names by any body, the checks were filled up with just such names as the writer of the draft thought proper to choose.

The checks were made out in the names of the first seven firms or houses only.

Interrogatory No. 28.

State if you know whether any other contractor has been paid by means of fictitious drafts. If so, name the contractors and the amounts paid as nearly as you can.

Answer.

I cannot say in reply more, than that I think other contractors on the line were paid in some such way, and Mr. Graham, who is now in Indianapolis, told me (as I understood him) that he was paid in a similar way on some line of work.

Interrogatory No. 29.

Did you receive the money directly, that was paid on the fictitious drafts? If not, state the mode in which you realized the sums so drawn.

Answer.

I presented the drafts at the Fund Commisioner's office, which were in part paid, and I was given a certificate for the balance which was \$7,500. The certificate was given because of a lack of Treasury notes at that time. I would here state that although the clerk in the Fund Commissioner's office, says he put up in the bundle which was sent as \$7,500, the amount of said certificate, (I having left the certificate in the hands of Gov. Noble at his request, to procure the funds and send us) yet we received only \$7,000, as appears from the oath of those who counted it when it came to hand, I being absent.

This fact I forgot to state in reply to Mr. Wests' interrogatory, when he asked "were you not paid up fully in Treasury notes at the time contractors in May or June 1840 were required to abandon their contracts." My answer was this, I was.

N. B. I will add that to the names written out in my answer to question 27, I did not even affix any sum or sums to any of said names.

JOHN L. SPANN was sworn and replied to the following interrogatory:

Interrogatory No. 1.

State any occurrence on the Madison & Indianapolis railroad which has given you any reason to believe that the interests of the State have suffered loss. If you know of any such, state all particulars, and the public officers concerned, or upon the bridges, or said road.

Answer.

I have seen an item of expenditure in the abstract of payments on the Madison railroad from 1st March to 1st October, 1839, showing the payment of \$35.83 to John Spann for services as flag-man. I never rendered such service, or received money, except once for Wm. H. Spann, and receipted in his name, which the above journal shows. I know of no other person of the name above, and believe there is no person, at this or any former time, in that vicinity, of the name of John Spann.

I am not positive who the Engineers were at that time, but think Morris and Patterson were on the line. The report was made by Noble.

I do not know of the interests of the State having suffered in relation to the bridges, except that they were badly decayed, letting the rains on the superstructure.

Committee adjourned to evening of the 10th to meet in the Capitol at 6 o'clock.

J. C. EGGLESTON, *Chairman.*

Committee met pursuant to adjournment, in the Capital, on the evening of the tenth, at six o'clock. All present.

SAMUEL HALL, SAMUEL LEWIS, and DANIEL YANDES were sworn, and submitted their answers to the following interrogatories:

Interrogatory No. 1.

When did you become a member of the Board of Internal Improvement? How long did you serve as such, and who were members of the same board with you?

Interrogatory No. 2.

What plan was adopted by the Board of Internal Improvement as to outlays on the public works, and what reason operated on the board to induce them to undertake all the works at one time?

Interrogatory No. 3.

Was the commissioner resident on a given work made superintending agent of that work? How were funds supplied him from time to time, to meet his disbursements; and how often did he account to the board for his outlays on the work which he superintended? Speak as to the manner in which the members of the board drew for funds, and what checks were imposed on over drawing?

Interrogatory No. 4.

State whether any member of the board, and if so who, derived any advantage or profit by the use of the public funds, or whether you have any information, and if so what, which would induce you to believe that any member of the Board of Internal Improvement used any of the public funds for his private profit, or delayed to account for the same at a proper time?

Interrogatory No. 5.

State what information, if any, you have, which would induce you to believe that the location of any work, or part of the same had been changed or made with a view of enhancing the value of the private property of any member of the Board of Internal Improvement, or of the engineer corps?

Interrogatory No. 6.

State what information, if any, you have, which would induce you to believe that the members of the Board of Internal Improvement,

or any member of the same, were governed or influenced in the lettings made by them by views of private interest, contrary to the public good?.

Interrogatory No. 7.

State any information you may have tending to shew that any of the superintending officers of the public works were guilty of accepting bribes or conniving in any way at the practice of defrauding the State by allowances to contractors of more than they were entitled to by law?

Interrogatory No. 8.

Who was the acting commissioner on the Madison and Indianapolis railroad when the Madison hill, or deep diggings were put under contract?

Interrogatory No. 9.

Is the property of either member of the Board of Internal Improvement dyked, or defended from the freshets of the Ohio river, by the Madison railroad beneath the deep cut? If so whose property is thus defended?

Interrogatory No. 10.

Did the interest of the State demand a thorough cut through the Madison hill? Would or would not a tunnel have been cheaper? and what advantage is it expected that the lettings of that cut are to be to the State? What is the total cost of that cut, embankment, and culvert beneath the hill? State all the information that you have on the subject.

Interrogatory No. 11.

By whose directions and whose recommendation was one Beckwith employed as an engineer on the Madison and Indianapolis railroad; and when and for what was he discharged?

Interrogatory No. 12.

How long had said Beckwith been engaged in receiving bribes for false and fraudulent estimates before detection? How was his rascality detected, and by whom?

Interrogatory No. 13.

What reason have you, if any, for believing that any member of the

Board of Internal Improvement, or chief engineer, fraudulently, at any time connived at the allowance of higher wages to contractors than the contract price, or connived at lettings being made at a higher rate than the market price for such work?

Interrogatory No. 14.

Did any member of the Board of Internal Improvement at any time make lettings to a greater extent than advised by the board? If so state who, and what those lettings were.

Interrogatory No. 15.

State what allowances were made while you were on the board, to members thereof for extra services and expenses, and what reason, if any, you have for believing that such allowances were excessive? Please refer to such records and memoranda as will aid you in answering this question.

Interrogatory No. 16.

How much authority did the board delegate to the separate members thereof in superintending their respective works, and were their acts in making lettings, &c., regarded as obligatory on the board?

Interrogatory No. 17.

What reason have you for believing that any of the lettings were secretly or unfairly made by any member of the board, with a view of securing a profit to himself or to his friends?

Interrogatory No. 18.

What contracts, if any, were taken on the public works by members of the board? At what prices? And was there or was there not, in the taking of said contracts, a fair competition among bidders?

Interrogatory No. 19.

Were any members of the board at any time secretly interested in any lettings by them made on the public works? State any information you have touching this matter.

Interrogatory No. 20.

Was any member of the Board of Public Works, or engineer engaged on the same, at any time, either directly or indirectly engaged

in any speculations in lands or town lots on the line of the public works, or any of them?

Interrogatory No. 21.

State particularly whether the railroad at Madison could not have been taken down the hill on a cheaper route, and equally advantageous to the State, and whose private interest in any way is most particularly benefited or intended to have been so by the adoption of the present route?

Interrogatory No. 22.

While acting as canal commissioner, or member of the board of internal improvement, state whether you applied the money of the State, or the use thereof in any way, to your own benefit, or as a capital in trade, or to speculate upon in any way.

Whether, in making contracts with contractors, there was any direct understanding or conventional one of any description, by which they or any of them were to buy or give orders to their laborers for goods on any member's store.

State, also, whether you have ever bought up the estimates of contractors at a less price than the face, or the amount for which they were given.

State all you know, and all you have heard, which you may have reason to believe may be true in relation to all, or each, or any of the above particulars; and in relation to any other canal commissioner, or fund commissioner, or member of the board of internal improvement, or any other person in any way in the service of the State, and if any, of whom, to what extent and amount.

Do you know of any instances in which the funds of the State have been either directly or indirectly used in the purchase, at a discount or otherwise, of the depreciated paper of the banks of Michigan or any other State, with which to pay contractors or laborers on the public works, or any of them? If so, state particularly who, and to what amount, and to whose benefit.

State all you have heard, which you may have good reason to believe to be true, in reference to any or all of the above particulars.

SAMUEL HALL'S ANSWERS.

I have carefully read over the several interrogatories which were handed me to answer, and as it cannot be supposed, from the station I occupied for a very short time as a member of the board of internal improvement, that I can know any thing of most of them. I beg leave to make a general statement of all I know, which I do entirely from recollection, and will then answer specifically any interrogatories that may be put to me.

I was appointed a member of the board early in the year 1836, re-

ceived notice of my appointment soon thereafter, gave bond and was sworn; did not attend the first meeting held by the board in the month of March in that year. In dividing out the labors of the different members, the board placed under my charge the southern division of the Central canal, with orders to locate and put under contract the fifth division, being about thirty-one miles, terminating at Evansville, on the Ohio river. In the month of May or June, same year, I met with Mr. Woodburn of Madison, at Evansville. Neither of us being able to procure and retain the services of competent engineers at the compensation fixed on by the board of internal improvement, at their meeting in March we joined in a written request to Doct. D. H. Maxwell, then president of the board, to call a special meeting of the same to remedy the difficulty. A special meeting was accordingly convened at this place in June or July, 1836, at which I attended as a member, and which was the only meeting I ever attended. I think there was but little done at that meeting, other than raise the salaries of the engineers. For that measure I voted, and believe it received the unanimous assent of the members in attendance, who were David H. Maxwell, Thomas H. Blake, General Long, Jno. Woodburn, and myself. Shortly before the board adjourned, I think Mr. Johnson, another member, appeared.

In the month of July, 1836, a corps of engineers, under the superintendence of Capt. Voorhies, resident engineer, commenced an examination of the fifth division on the south end of the Central canal, with a view to its final location; and between that time and the fall of that year, (say the month of October) completed its location to Evansville. After this was done, and just before the lettings took place, I resigned the office as a member of the board.

There was placed to my credit, as a member of the board, in the Branch Bank of Evansville, 2,000 dollars. Something upwards of 1,600 dollars of this sum was expended in the location of the route, pay of officers, &c., and the balance was handed over to my successor, all of which has been settled at the fund commissioners' office.

The last interrogatory reads as follows:

Interrogatory No. 23.

What rule was adopted by the board of internal improvement, in relation to the payment of their own expenditures, and how much was received by each member, while you were a member?

Answer.

I do not know of my own knowledge, what rule was adopted by the board on this subject, nor do I know what other members of the board received, while I was a member. I charged the State for every day I was in actual service, two dollars, the amount allowed by law, together with the expenses I was out. I do not recollect

the exact sum I received for services and expenses during the seven or eight months I was a member of the board, but it was within a fraction of 90 dollars.

SAMUEL LEWIS' ANSWER.

In the year 1830, I became a member of the board of canal commissioners, and continued as such, associated with Messrs. Burr and Vigus, Burr and Scott, and afterwards with Burr and Johnson, till the year 1836, when I was made a member of the State board of internal improvement, and remained a member of said board until the last of Feb. 1840.

At the organization of the board of internal improvement, in 1836, it was composed of the following individuals: Messrs. Maxwell, Burr, Johnson, Blake, Woodburn, Long, Clendenin, Hall, and Lewis. Mr. Hall, however, did not meet with the board, and in a short time after the organization, resigned. He was succeeded by Mr. Clarke, and Mr. Garham became his successor. Mr. Burr, I believe, resigned in 1837. Mr. Yandes succeeded him, who resigned, and Mr. Morrison became his successor, who remained a member till the board was re-organized, and reduced to three members, which was composed of Noble, Graham, and Lewis.

Answer to No. 2.

It was to appoint an acting commissioner on that part of the public work which the board had previously determined to put under contract with authority to let a certain number of miles of road or canal, or portions of work within defined limits, at a specific time, notice of which was published in various newspapers in different States, inviting the contractors to attend the lettings, but before letting the work, it was made the duty of the acting commissioner, having in charge that portion of the line, to have it re-surveyed, estimated, and located, on the most practicable and best route. The representative principal, embraced in the law of 1836, made it the duty of the Governor, in selecting an individual to be a member of the board, to have regard as well to his location as qualification, in order that the line of work should be properly represented, together with a specific appropriation made on each line, is what induced the board to undertake all the works at once, and in doing which, they believed that they were carrying out the views and wishes of the Legislature, as also those of a majority of the people.

Answer to No. 3.

In reply to the first part of your interrogatory No. 3, I can say he was. The plan adopted by the board of internal improvement in regard to disbursements on the public works was this; each acting commissioner had authority to draw on the fund commissioners, in advance of his monthly payments, for a sufficient amount of money to pay the contractors for work done, and for as much as would likely be required to meet all contingent expenses, but before the money could be paid to the contractors, it was made obligatory for them to procure the certificate of the resident engineer on the line certifying that

a certain amount of work had been done, and on the presentation of such certificate to the acting commissioner, he was authorized to pay him, I think 90 per cent, retaining 10 per cent until completed. This plan of operating was continued up to the year 1837, when arrangements were made to pay the drafts of the acting commissioner, when accompanied by the estimate of the resident engineer, at the banks, or on the lines of the public works by their agent; and in no instance since the change has the fund commissioners or their agents been requested by the board of internal improvement to pay the drafts of the acting commissioner (within my knowledge) unless accompanied by the estimate of the resident engineer, except for contingent purposes.

Answer to No. 4.

Mr. Burr's which has long since been reported how applied and to what purpose I know not. Mr. Johnson reported some six or seven hundred dollars as balance which was said to have been stolen from him on the line of the Wabash & Erie canal; as to the other members of the board of internal improvement, I do not know; in relation to my own conduct I will report more fully hereafter in reply to your 22d interrogatory.

Answer to No. 5 and 6.

I know of none.

Answer to No. 7.

I have no knowledge of any, except Beckwith on the Madison and Indianapolis railroad, and that only from report.

Answer to No. 8.

Mr. Woodburn.

Answer to No. 9 and 10.

As I never have visited the Madison and Indianapolis railroad, it is hardly to be supposed that I can give any information in relation to that work, which would be of any interest to the committee. In all my official duties in regard thereto, I was governed and influenced by the acting commissioner, and the reports made to the board by the different engineers.

Answer to No. 11.

I think by Woodburn, and dismissed in 1839 for making, as I understood over estimates to contractors.

Answer to No. 12.

I know nothing about Beckwith's conduct except from information. He

was detected, I believe, by the chief engineer, Mr. Williams, and dismissed by him and the acting commissioner Mr. Noble.

Answer to No. 13.

I have no reason for believing that either of the members of the board of internal improvement, or chief engineer, connived in any way at the allowance of higher wages to the contractors than the contract prices, and in regard to the lettings, so far as I have any knowledge, the contracts were invariably divided amongst the lowest responsible bidders.

Answer to No. 14.

As before stated, at the organization of the board of internal improvement in 1836, the acting commissioner had authority to put under contract a certain number of miles of canal or railroad, or portions of work within defined limits. The amount appropriated on the White Water canal would have enabled the commissioner to put some 4 or 5 miles more under contract, amounting to some \$140,000. In 1838 the board appropriated \$300,000 in addition to the sum previously appropriated. In Mr. Long's report to the board as published, it appears that he let \$54,000, and some odd dollars worth of work which would seem to show an excess of about \$124,000. Mr. Maxwell had authority, I believe, to let \$207,000, and, as reported and published, he let \$263,939; excess about \$56,000. Mr. Morrison was authorized to let \$400,000; as published he and his predecessor Mr. Yandes let \$494,847, excess about \$94,000. Mr. Johnson had authority to let \$168,541, and as reported and published, he let \$257,774, excess about \$89,000. I have however, understood that the resident engineer reported a greater amount than was let by Mr. Johnson, and that the excess is small. Mr. Woodburn had, including all his operations on the Madison & Indianapolis railroad, an appropriation of \$1,050,000; I understood that he had let to a greater extent than authorized, to what amount I do not know.

Answer to No. 15.

The law establishing the Board of Internal Improvement, fixes the pay of the members at \$2,00 per day, exclusive of traveling and other contingent expenses; and the board at their first meeting thereafter, deeming it almost impracticable to procure vouchers for all such expenditures, ordered that each member charge at the rate of \$1,50, per day.

Answer to No. 16.

The authority delegated by the board to each member was, to take charge of that part or portion of the public work or works, which had been assigned to him, giving him a general contract, and superintendency, with authority to let at certain periods, which were generally named by the board, keeping within the amount appropriated by said board.

Answer to No. 17.

I know of none.

Answer to No. 18.

I have no knowledge of any member of the board having taken any contract or contracts, on any of the public works.

Answer to No. 19.

None within my knowledge.

Answer to No. 20.

I think it likely that some of the engineers purchased lands and lots on or near the public works; but none, except for their own use, and none within my knowledge that had any influence in preventing the adoption and location of the most practicable route. As to the members of the board, I do not know.

Answer to No. 21.

As before stated, I have never seen the Madison and Indianapolis Railroad. I know nothing of the advantages of the present route over any other that could have been selected.

Answer to No. 22.

Having been a member of the Board of Canal Commissioners, and Board of Internal Improvement, for a period of ten years, a great deal of public money must necessarily have passed through my hands, from the fact of my having, in addition to my duties as Canal Commissioner, and as a member of the Board of Internal Improvement, the land department assigned to me, with both the duties of Register and Receiver, and all the risk and responsibility attached to the office for a period of eight or nine years, and for a large portion of the time performed all the labor, without the aid or assistance of a clerk, from 1830 to 1836, I think I served the State at a less average salary than \$500, per annum; out of which I paid my traveling and other contingent expenses. During which time, I must have collected in small sums, and paid over to the State, some four or five hundred thousand dollars. It was my practice, for a number of years to copy the book of instalments, or interest account, and annually meet the citizens on the line of canal, at the different county seats, in order to enable them to pay the interest due to the State on their lands, which was received in sums varying mostly from \$4,50 to \$12,00. This course was adopted under the belief, that it would facilitate the sale of the lands, and

promote the interest of the State. Had a different course been pursued, and the interest received only at the office, it would in many cases have cost the holders of such certificates as much in travelling to and from the office, as their whole interest account, for this additional trouble, risk, and expense incurred. I made a charge of \$400, averaging about \$50,00 per year; as also a charge of \$31,00 of counterfeit paper taken in the office, and irredeemed; both of which charges the Auditor of Public Accounts thinks inadmissible. With this, I had supposed that my liabilities to the State had closed; but recently, perhaps in October last, I received a communication from the Auditor, stating that some discrepancies existed on the book of instalments, amounting to some five or six hundred dollars. This is a matter I know nothing about, as it was copied by the clerk, M. F. Barber, while I was engaged in other official duties. Nor can the facts be correctly ascertained in relation to nearly all of them, short of seeing the purchasers or holders of such certificates, in order to see whether they have in their possession, or ever received receipts in my name for such tracts. It seems to me, that there must be some mistake about the matter, because the Auditor's report would make me liable for interest one year in advance, from 1841, which would balance their accounts up to 1842, when I went out of office early in 1840. In no instance, have the public funds been used as a capital in trade, either by myself, or any person associated or connected with me in business. I have no knowledge of any member having made a contract or contracts with the contractors either directly or indirectly, or that there was any understanding in any way, that orders for goods were to be drawn on any member's store; nor have I ever purchased the estimates of contractors at a less price than the face. As to the conduct of other members of the board in relation thereto, or any of the officers connected with the public works, I have no knowledge. I know nothing in relation to the purchase of depreciated paper. After the suspension of the public works, I received a letter from Mr. Hubbard, clerk to the fund commissioner, stating that I could have from 10 to \$15,000 of Gallipolis paper. I however declined taking it. Throughout the whole course of my official duties, in the receipt and disbursement of the public moneys arising from the sale of the canal lands or otherwise, I have invariably taken it at the face and paid it out in the same manner. Mr. Scott, a member of the Board of Canal Commissioners, reported a balance of some \$400, in his hands. I do not know whether it has ever been paid.

DANIEL YANDES' ANSWERS.

I became a member of the board of internal improvements about the last of January, 1837, I think, and resigned about June, 1839. The members of the board with me, were Messrs. Lewis, Johnson, Blake, Graham, Maxwell, Woodburn, Long, and Clendenin.

Answer to No. 2.

The plan of out-lays, and the policy of carrying on the public works, were adopted before I became a member of that board. I have nothing but general information as to the reasons which operated upon them.

Answer to No. 3.

The commissioner, resident on a given work, was made superintending agent of that work. The funds supplied him were by the fund commissioner, placing them in certain banks; and the commissioner accounted quarterly, and made final settlements at the end of the current year. The funds were drawn upon the checks of the commissioner, based upon the certificates of the resident engineer, of the labor done. The check upon overdrawing was, that the certificate of the engineer accompanied the check of the commissioner. The contingent expenses were drawn upon the commissioner's check alone.

Answer to No. 4.

I do not know whether any member derived any advantage or profit by the use of the public funds, nor do I suspect any during my service.

Answer to No. 5.

I have no such information.

Answer to No. 6.

I have no such information.

Answer to No. 7.

I have no such information.

Answer to No. 8.

Mr. John Woodburn.

Answer to No. 9.

I have no such information.

Answer to No. 10.

I am unacquainted with the work and its cost, and therefore am unprepared to give an opinion, or information.

Answer to No. 11.

I do not know who recommended Beckwith. His dismissal was on account of over estimates to contractors ; time not recollected.

Answer to No. 12.

The duration of his rascality I do not know. I believe he was detected by his assistant engineers.

Answer to No. 13.

I have no such information.

Answer to No. 14.

There were some members of the board, who made lettings to a greater extent than advised by the board, but I am unable at present to specify. So far as I know, such proceedings were afterwards sanctioned by the board, for reasons given.

Answer to No. 15.

I have no recollections of allowances to members of the board for extra services and expenses.

Answer to No. 16.

The board delegated full powers to the members in superintending their respective works, with the aid and advice of the chief engineer ; and their acts in making lettings, &c. were regarded as obligatory on the board.

Answer to No. 17.

I have not any such reason.

Answer to No. 18.

I know of no such contracts.

Answer to No. 19.

I have no such knowledge or information.

Answer to No. 20.

I have no such knowledge or information.

Answer to No. 21.

I do not know.

Answer to No. 22.

I made no such application of the money of the State. I have not bought up the estimates of contractors at any price, nor have I knowledge of others in the service of the State doing so, either directly or indirectly.

The following additional interrogatories were propounded to Mr. YANDES :

Interrogatory No. 23,

Whilst acting as commissioner, state what you were allowed to charge by law for your services, and whether it was not for only every day in which you were actually on duty ; and whether you did or did not charge for pay and expenses for every day in the year ; and whether you did or did not charge for Sundays also. If so, did you do any service on all these days ?

Answer.

When I received my appointment, I was under the impression that the allowance was to be made for days of actual service only—two dollars and expenses—but soon found that it had been the custom of the board, established before I became a member, and reported to and approved by former Legislatures, to charge for every day in the year, Sundays not excepted ; perhaps from the presumption that the law making power had settled the law and the practice of Sunday and holiday charges. The charges of all the members were the same. I did not, nor do I suppose any other member rendered services on Sundays, nor on every other day.

Interrogatory No. 24.

Whilst acting as commissioner, did you or did you not agree with Wm. Sheets that he should buy the water privileges near the lock, at Indianapolis ; and was it not understood between you, that you were to be materially concerned in said water privileges ?

Answer.

It was understood between Mr. Sheets and myself that we should be mutually concerned in using water power, to be bought by him for the erection of a paper-mill. The rents had been previously fixed, equally upon all parts of the basin and lock by the board.

Interrogatory No. 25.

State what you know of other members of the board of internal improvement, receiving pay and expenses. Did they receive more or less than yourself? State also whether the other commissioners did more or less service than you did.

Answer.

The other members of the board, each, received the same pay with myself. It is a question of great difficulty which of the commissioners did most; I am unable to say.

NICHOLAS McCARTY presented his answer to the following interrogatory:

Interrogatory No. 4.

While you were fund commissioner, or an officer of the State, connected either with the internal improvement, or the bank, were you or not connected with Philo Hale, then a resident at Washington, in the purchase of a large amount of fund scrip? and if so, state to what amount. State the amount of stock or capital employed for that purpose, whether more or less than \$10,000. State whether said stock or capital belonged to the State, and if not to whom; and state particularly to whose benefit the profits were carried, and to what or how much said profits amounted, and in what manner they accrued.

Answer.

In reply I state, from the manner the question is put, it has reference to a sum of money transferred from the east to the west, for the use of the State on the most advantageous terms to her of any that is recollected to have been transferred, and as a sworn officer of the State, I transferred in the manner I did, intending it at the time to be so; and it gives me pleasure to explain it most fully to the committee. The commissioners of the canal fund were required by law to place funds at such points and in such amounts as the canal commissioners might estimate would be required, and at their session of May 14, 1832, they made an estimate, and forwarded to the fund commissioners, as follows, viz: in

August following	-	-	-	\$12,000
September "	-	-	-	12,000
October "	-	-	-	12,000
November "	-	-	-	12,000
				<hr/>
				\$48,000
				<hr/>

And for March following	-	\$12,000
May "	-	30,000
September "	-	30,000

I name these latter estimates because they are included in the same order with the others.

In August 1832, after a loan had been negotiated for the Wabash & Erie

canal, knowing Mr. Hale had funds in Indiana arising from the sales of scrip under my contract, and of his being engaged in sending scrip there and to other places, after consulting with one of my colleagues, I agreed to let him have \$10,000 in N. York, for \$10,000 in Indianapolis, in 60 days, his paying the current rate of exchange which was half of one per cent. and the interest thereon; after I returned to Indiana, and finding to a certainty, the money would not be needed by the canal commissioners by the time his note matured, although with his means under my control I could be prepared to pay it for him, but to do so the money would remain in my hands without interest until required by the canal commissioners, as there were no banks in the State to deposit it in, and I would thus be subject to the suspicions of using it whether I did so or not, and I wrote to Mr. Hale that the money would not be needed probably for a few months for public purposes, and if he would continue to pay interest on it, he might use it till thus wanted by keeping it secure and in such manner that it could be paid when thus required. The security proposed was scrip, and I think never to be less than \$12,000. He assented to it and it was thus kept until the time it was wanted by the canal commissioner, when the principal and interest was all faithfully paid over. He had the money from the 20th of Aug. 1832, to the 2d October, 1833, and then paid principal \$10,000, interest \$650. The 1-2 per cent. premium he paid August 20, 1832, and it was that day deposited in the Merchant's bank, N. York to the credit of the fund commissioner of the State; paid in all \$10,700. He had this money longer much than he expected, or than I expected him to have it. The works in the early part of 1833 did not progress as rapidly as had been anticipated. After finding it was not wanted as early as expected, I might have collected it, and carried it to Cincinnati, and bought a draft on N. York at 1-2 per cent, \$50, and remitted it to the Merchant's bank N. York, where it would have drawn 4 per cent. interest till wanted; or deposited it in a bank in Cincinnati, without interest. I did not deem it the interest of the State, or my duty, to do so, but did just as I believe was the interest of the State and my duty. There being no banks in this State, the fund commissioners were left to transfer the funds as the canal commissioner might require, or for public purposes, in such manner as best comported with the interest of the State, and I here challenge the most scrutinizing investigation to point out a single instance where I did not rigidly adhere to the interest of the State in the management of her funds, whilst I was a public officer. As the question is broad in reference to scrip and my profits in it, I desire to answer fairly. I had no partnership with Philo Hale of Washington City, while I was fund commissioner, or at any other time, in the purchase of scrip or any thing else, and if he had lost the \$10,000 in a minute after he got it, by robbery or otherwise, neither the State nor myself was at any risk; the money was equally safe and would just as surely have been paid, and if he had made any sum whatever on it, I had no share whatever of it. I commenced selling scrip on commission in 1830, for a very wealthy firm in Ohio, composed of three persons all brothers-in-law of Mr. Hale, and old acquaintances of mine, through whom Mr. Hale, was introduced to me. They, (Mr. Hale) and several other persons sent me scrip to sell on commission, at various times from 1830 to 1834, when it became so scarce that purchasers were generally able to exchange their scrip with persons coming west to buy land, at once, and thus save commission. The amount of scrip I exchanged on commission was in all upwards of \$200,000 perhaps about \$240,000, and about half, or perhaps more, was sold while I was fund commissioner. My charge for selling was, part of

the time, 2 1-2 per cent, and part, 2 3-4 per cent; the advance arising from an order sent to the Land Offices, requiring each one who applied scrip to be sworn, which made some expense. This, and the amount I paid others for selling, left about 1 1-4 to 1 1-2 per cent. as profit which I converted and applied to my own use, which would amount to from \$3,000 to \$3,600. Besides this, while I was fund commissioner, I bought some scrip with my own money and sold it, by which I made profit. I also, in connection with others, while I was fund commissioner, bought scrip and sold it, they finding the capital and I transacting the business, by which I made some money. Neither of those furnishing capital however was Philo Hale, or any one connected with him directly or indirectly, and the profits thus made were divided between those furnishing the capital and myself. The \$10,000 having been reported to the Legislature by the fund commissioners at their first report as being in the hands of Mr. Hale, was commented on by some politicians, and as Mr. Hale was passing through here, on his way to Illinois in 1836, I had his deposition taken before a Notary Public in reference to his transactions with me, and filed it in the fund commissioners' office, a copy of which is herewith submitted. As something is intimated about the amount of capital Mr. Hale employed, I understood from his connexions, it was about \$30,000; as a former question of the same import of this, but in a different form asked in connexion with the inquiry about scrip, in substance, whether I used the public money to buy goods, I think it proper to cover the whole ground here and say although whilst I was fund commissioner, I bought for my various concerns from 160 to \$200,000 worth of goods, I never used one cent of money belonging to the State to do so, directly or indirectly; nor did I use the credit of the State to do so. I seldom paid money down for goods, I was in the habit of buying them on credit. I had commenced buying goods on credit in Philadelphia in 1817, near fifteen years before I was fund commissioner, and strange as it may seem to persons unacquainted with the circumstance, I was credited for goods at various places, to a very considerable amount before I was appointed fund commissioner, or any one, that I know of suspected I would be thus appointed; and indeed since I resigned, they trusted me with as much freedom, as when I held the office, till I voluntarily declined asking to buy more.

(Copy.)

“INDIANAPOLIS, 23d May, 1836.

NICHOLAS M'CARTY, Esq. having stated to me that misrepresentations had been made in relation to a certain loan made to me, while he was canal fund commissioner, and desires me to state all the facts in the case as they occurred.

In 1831 I commenced dealing in scrip. Mr. M'Carty was recommended to me by Mr. Ebenezer Buckingham, of Ohio, as a proper person to engage in attending to the exchange. I engaged Mr. M'Carty's services, and in 1832 he named to me, as I now think, that he had some amount in his hands as canal fund commissioner, which would not, in all probability, be wanted for canal purposes immediately, and that if I would secure him by having at all times in his hands to the amount of ten thousand dollars, he would loan me that amount for sixty days, and with the understanding that if not needed

then for canal purposes, the loan might be still continued. The offer was accepted and the loan effected at six per cent. interest, Mr. M'Carty then having in his hands, at that time and all the time, *certain* security until the money was paid; ten thousand dollars and more, very often as much as fifteen thousand dollars. At the time of this transaction the money was at the Merchants' Bank, New York, and was designed to be brought to the west by the fund commissioner. The loan was made to me without any understanding, directly or indirectly, that Mr. M'Carty was to share any profit in the transaction; nor did he ever do so. Mr. M'Carty had been extensively employed by me in the exchange of scrip before, for which he received a specified compensation, and which was not at all enhanced in consequence of the loan; nor did Mr. M'Carty receive any additional perquisite, per cent., or allowance in any shape or way, in consequence of said loan.

(Signed)

PHILO HALE.

Sworn to and subscribed before me, this 23d day of May, 1836, at Indianapolis. Witness my hand and seal,

(Signed)

JOHN BROOKS, (SEAL)
Notary Public.

GEORGE GIVENS presented his answers to the following interrogatories:

Interrogatory No. 9.

Do you not know that the Branch Bank in Madison held the Bond Company's note for more than five thousand dollars? Do you not know or believe that the said note grew out of losses sustained by said company?

Answer.

I know the branch bank at Madison held, a few weeks since, and believe the bank still holds the bond company's note for upwards of five thousand dollars. I believe said note grew out of losses sustained by said company on some eastern money which proved to be worthless.

Interrogatory No. 10.

Do you not know or believe there are other notes or claims owing by said company, amounting to near seven thousand dollars, and that said liabilities grew out of said company's transactions connected with the Railroad? From all you know of the transactions of the bond company under their contract with the State, do you believe that they have made money or lost?

Answer.

I believe said company made a contract with Mr. Gazlord for a quantity of flat bar railroad iron, on which contract said Gazlord furnished iron amounting to near fifteen thousand dollars, to be paid in state bonds, and upon settlement said company gave to Gazlord, instead of state bonds their notes payable in bank for near seven thousand dollars. Judging from what I have heard the bond company say, I believe that in their simple contract with the State for bonds, they have lost money.

Interrogatory No. 11.

Do you act as the agent of Woodburn, Leonard, & Kings in redeeming their notes or checks? If so, do you know or believe that they have ever used any of the funds of the State in said banking operations?

Answer.

I act as the agent of Woodburn, Leonard, & Kings, in redeeming their notes or checks. In so doing I have occasionally got from John King small sums of money for a short time: whether it was the money of the State or of the bond company I am unable to say.

N. B. PALMER was sworn, and presented his replies to the following questions:

Interrogatory No. 1.

While acting as fund commissioner who were your colleagues?

Answer.

Milton Stapp.

Interrogatory No. 2.

Did you or they, as such, at any time, violate the laws of the State and your or their duties?

Answer.

Neither myself nor colleague violated the laws of the State or our duties, so far as I know, unless the sale of state bonds by Gen. Stapp, without payment in hand, may be regarded as such violation. Any such sale, if any was made, was so done without my knowledge or approbation. I had no knowledge of any sale of state bonds by any or either of the Indiana commissioners, while I was acting as

such, except one hundred and fifty thousand dollars which was for Indiana treasury notes, to be surrendered on the delivery of the bonds.

Interrogatory No. 3.

Were any loans, moneys, compensations, accommodations, gratuities, shares of commissions, brokerages, or differences of exchange, at any time received by either of you from any bank, company or individual with whom either of you had transactions as agents for the State, and not passed to the credit of the State, either at the time or since; and were any losses which should have been borne by either of you debited the State?

Answer.

Not to my knowledge.

Interrogatory No. 4.

Have any profits or speculations on state stocks been appropriated to your or their use? Here state all you know respecting speculations made at any time, in or with state stocks, without the sanction of the others?

Answer.

I know of none, nor any particulars in relation thereto.

Interrogatory No. 5.

Did you or they, at any time, sell the bonds of the State to irresponsible companies or banks, or individuals, without the sanction of the others.

Answer.

This is answered by my response to interrogatory No. 2, with this addition, that all I know in relation to such sales, I derived from reports made to the present General Assembly.

Interrogatory No. 6.

Did you or they hold stock in any company or bank, with which you or they transacted business on account of the State, and especially, if at or about the time said transactions were pending; and were you or they debtors to said banks or companies at the time or afterwards? If so, then state very particularly the aggregate amount, together with the greatest amount at any one time; how secured, if by a pledge of stocks, then what stocks; if individual security, then

who those individuals were. Also state, what balance you or they or either of them owed any bank or company, with which, as agents of the State, you or either of them had transactions, at the time you or they ceased to be Fund Commissioners, and how said balance was paid, and the amount of said balance.

Answer.

I answer generally, that I have no knowledge or recollection of the several matters inquired after in this interrogatory.

Interrogatory No. 7.

State all you know, and all you have heard, which you may have any reason for believing may be true, respecting all or any part of the foregoing.

Answer.

For all I know, I refer to my answer to interrogatory No. 6. In relation to what I have heard, I state that I have heard much, but nothing tangible or definite, nor upon which I am willing under oath to give an opinion.

Interrogatory No. 8.

State also, any information you may have obtained from any source which you have any reason for believing may be true relating to any officer, or agent of the State, connected with the system, buying up, either directly or indirectly, estimates or any other evidence of debt from contractors, or any laborer on any of the public works; also, as to any agent of the State paying out Gallipolis, or any other depreciated paper

Answer.

My answer to this interrogatory will be found in my reply to the preceding one.

WILLIAM HENDRICKS submitted his answers to the following interrogatories:

Interrogatory No. 8.

Do we understand you correctly in saying that the Treasury notes, you purchased with the Gallipolis paper, were purchased for Sherwood? If so, then state if you know by what means Gen. Stapp became possessed of any portion of them, and what amount of the notes so purchased went into the hands of Gen. Stapp.

Answer.

The Treasury notes purchased with Gallipolis money were purchased for Sherwood. He informed me himself at the time of my engagement that he either then owed or would owe the State of Indiana. These Treasury notes were to pay that debt as I understood. Gen. Stapp received the whole amount so purchased, but paid me \$1,000 after the settlement with Sherwood, and as fund commissioner, or by arrangement with Sherwood, he retained the balance I suppose.

Interrogatory No. 9.

State what recommendations Gen. Stapp gave you, if any, of the soundness of the Gallipolis paper put into your hands to buy Treasury notes.

Answer.

He gave favorable recommendations of its soundness, saying that from the character of those concerned in the bank, he was of opinion it was solvent.

Interrogatory No. 10.

State whether the Gallipolis bank blew up whilst you were engaged in buying up Treasury notes with its paper.

Answer.

It did.

Interrogatory No. 11.

State whether paper of banks has been brought to Madison of the following, to-wit: Wilmington, Maryland, Newburyport, Washington county bank, Circleville, Ohio, West Union, Manhattan, Ohio, and Gallipolis; and state what other kind of paper may have been brought there, and in which the Madison company or Gen. Stapp had any thing to do, and how it came there.

Answer.

Of Circleville, West Union, Manhattan, and Gallipolis, I can speak. I have seen amounts of cash in the possession of Gen. Stapp; I could not say how much, nor how he obtained them, or how he disposed of them. I do not know that the Madison company had any. This kind of money has had a circulation there. I have no means of ascertaining amounts. I cannot speak of any other paper except Newburyport; I got a small amount at the Insurance office, and believe I returned it there.

Interrogatory No. 12.

Were you ever at Gallipolis? If so, when?

Answer.

I was there two or three weeks before the known failure of the bank.

Interrogatory No. 13.

When there did you learn the character of the directors? If you did, what was it for wealth, intelligence, and standing, in that part of the country.

Answer.

I heard much said about the directors of the bank, and the bank itself when there. I was there almost three days, waiting for a boat most of that time, and while there brokers and others (as well as myself) were making calls upon the bank, so that there was a continual talk about it in my hearing. Every citizen had entire confidence in its solvency, as far as I heard them express themselves. The stock of the bank had then principally got into the hands of citizens and both stockholders and directors were reputed to be respectable, and some of them quite wealthy. The Menazeries were stockholders, and one of them a director; they were said to be very wealthy. The director said that that bank was as good and solvent as any in Ohio, and would be sustained if it even required all his means to do so.

J. W. GRAHAM returned answers to the following interrogatories:

Interrogatory No. 10.

For what purpose did Wilson purchase the house and lot in Salem, for his own private use, or for speculation?

Answer.

I believe for both, as when he first bought the property, it was very cheap, and the supposition was with every one in the place that when the road would be completed that it would enhance the value of all property in the town of Salem.

Interrogatory No. 11.

State whether Wilson treated any body else as badly as you, that was connected with the Jeffersonville & Crawfordsville road. If so, whom?

Answer.

I believe that there were few who escaped his over-bearing disposition on that road, either as contractors or land owners. The reason was, that he could scarce give any complainant a satisfactory answer to any thing relative to his or their business, even to his assistant engineers, and as for running over contractors, I would just refer you to all who ever had work to do under him in the State, as well as myself. Thos. Hays, John Murry, Irvin

Wright, and I might number hundreds, for I never yet found one who gave him any praise as a fair mediator between State and laborers.

Interrogatory No. 12.

State whether the board of internal improvement treated any other contractor with as much neglect as they did you. If so, whom.

Answer.

I would just refer you to Messrs. Clements & Roddick, and Gallagher & McBay, contractors on the southern division of the Central Canal, and H. & R. Stewarts, contractors on the Madison railroad.

Interrogatory No. 13.

What reason do you suppose Wilson and the board had for treating you so badly?

Answer.

I know of no reason save their disposition, which has convinced me that Wilson always has had that imposing and shaving disposition to curtail all he could for the State's interest, and it would appear that he disregarded contractors and would not do them half justice; and as for the board so treating me, I cannot account for it; but, when applying to the board for relief, they construed the act of Feb. 15, 1841, that where the contractors applied for an adjustment under this act, that the said contractors were held liable for one half of the costs that might accrue, which construction, I believe, no other person would or could put upon that said act, and I would respectfully recommend this honorable committee to examine the law. Still I do not believe that to be their only reason, as any person might perceive, as it is an invariable rule, in all cases when parties enter into law, that the costs follow the suit, and I suppose the reason was and is, that if the board could baffle me out of my just rights, that it would be a saving to the State, which would of course shew to the people their economy, but would be careful that this piece of economy would never be made an expose.

Interrogatory No. 14.

State whether you applied to Mr. King, as directed by Mr. Morris, and if yea, state the result of that application, and what Mr. King said to you in relation thereto; and, if you know, state how the contracts could thus be continued by applying to Mr. King, and give us all the particulars of your knowledge on this subject. Did King make you payment as aforesaid and aid you to continue your contract?

and why? And if you know, what understanding was there between Morris and King upon said subject?

Answer.

I made no application to King, only through the advice of Morris, when I presented my draft for payment, which application was complied with by King, who made no reply; and as to knowing positively how the contracts could be prosecuted under the application to Mr. King, I have already answered, by exhibiting a copy of the contract with the bond company, and suppose that his paying the contractors secured their contracts so as to enable them to prosecute their work under that agreement with the bond company, and prevent the State from getting a relinquishment, or, in other words, to evade the law. Mr. King did make the payment as heretofore stated, and I did continue my work for the very reason that I supposed there was something to be made. I do not know of any understanding between Morris and King on any subject of the kind; but I would refer you to the gentleman.

Interrogatory No. 15.

Do you know of similar applications having been made to King, by other persons? If yea, give the names of such persons.

Answer.

I do not know particularly of others making such applications, but have reason to believe that all the contractors on the said road, that did not relinquish, have made similar applications, the names of which you can know by enquiring of Morris.

General Long, submitted his answers to the following interrogatories.

Interrogatory No. 33.

Did you or did you not locate the termination of the White Water Canal, at Lawrenceburgh, at the best and most convenient point, taking into consideration the convenience of the public, and interest of the State? Please give your reasons for locating it as you did.

Answer.

Taking into consideration the public convenience, and the interest of the State, I am of opinion, that I located the White Water Canal at Lawrenceburgh, at the best point. It was not done without the most careful examination and repeated consultation with the engineers. The termination, as located by me is on high ground, and less subject

to damage from freshets of the Ohio river, than if extended to lower ground; and opposite to a point where a good landing might be made.

Interrogatory No. 34.

Have you examined the change made by your immediate successor, and is it your opinion that the interest of the State authorized such extension?

Answer.

While in office, I examined the route of the proposed extension, and was unwilling to adopt it, unless advised to do so by the board. It was a matter of doubt with me at that time, whether the interest of the State would be promoted by adopting it.

Interrogatory No. 35.

Could or could not the waste water have been applied and used to as good advantage by your location, as by the present, and great cost to the State have been saved?

Answer.

I am of the opinion that the waste water could have been applied and used to as good advantage by my location as by the present. The location adopted by me was approved by the chief engineer on canals, and the resident engineer.

VICTOR KING and GEORGE W. LEONARD, submitted their joint answers to the following interrogatories.

Interrogatory No. 1.

Were the 455 bonds spoken of in your contract with the State, or any portion of them ever delivered to or in possession of the company? If yea, what did the company do with them? If nay, then how did the company get the bonds paid out on the road?

Answer.

They were not. Sometime in the winter of 1839 or '40, the Fund Commissioner Stapp, sold 180 bonds for the State. He afterwards wrote us, offering us the sale on account of our contract with the State. We on considering the matter, declined taking the sale, and sent John Woodburn, one of the members of the company on to New York, with a written power of attorney, and instructions for the purpose of selling bonds, and to examine the securities and goodness of the above sale. When he arrived in New York, after examining the matter, he

also declined taking the sale. Shortly afterwards, General Stapp returned to Madison, and laid this sale before us, and pressed us to take it, so that the proceeds might be applied to our road; after consultation, we, by written special contract, took the said sale of 180 bonds on account of our contract, and left the notes and securities in the hands of Stapp, as Fund Commissioner, to receive the payments as they fell due, and credit us with the same. The bonds paid out on the road were delivered to John King, agent for Fund Commissioner, from time to time, and, as we understand, amounted to 136, including six not delivered to said King, but paid in N. York on his order. These 136 bonds have as we understand and believe been all paid for to the State at 88 cents to the dollar, in estimates on the road, and have been reported to and accounted for to the Fund Commissioner.

Interrogatory No. 2.

When bonds were placed in Mr. Jno. King's hands, were they considered and treated as belonging to or in the custody of the company? If not, in what light did you view them?

Answer.

They were not. We considered them in his hands, as agent for the fund commissioner, and belonging to the \$400,000 appropriation, included in our contract with the State, which was a conditional one for just so much of the appropriation as we could use on the road from time to time, in payment of estimates, and no more. We never received the bonds or took possession of them, for the reason that we did not intend to be liable to the State for one dollar more than we had estimates to pay for, at any time we might think proper to discontinue the contract, and as estimates were made on the road, and paid for in bonds by Jno. King, he charged the company with the same, and we never did owe the State for any part of the 136 bonds stated to have been used on the road.

Interrogatory No. 3.

Was Gen. Stapp the agent of the bond company? Was he a member of the company, or was he to be a member under any contingency? If so, state what that contingency was.

Answer.

Gen. Stapp was not an agent for the bond company to sell bonds, nor was he a member; neither was he to be under any contingency whatever.

Interrogatory No. 4.

Have the bond company, or any member of it, bought the bonds of the State at a less price than 88 cents to the dollar, and paid them out a second time to contractors?

Answer.

They have not; for the best reason in the world, that under our contract with the State to take bonds for estimates, they could not be bought at any price and paid out to contractors, and make money by the operation.

Interrogatory No. 5.

Have the bond company ever used any of the bonds of the State, or their proceeds for private or any other purposes, other than payment on the road?

Answer.

They have not. They never had any bonds in possession, except 20, which they bought with their own individual means, and paid over to Stapp, fund commissioner, on their settlement with him of 26th Jan. 1841, in part of the loss on the Seneca county debt.

SAML. HANNA being sworn presented his answers to interrogatories propounded to him as follow.

Interrogatory No. 1.

State, whilst you were fund commissioner, who your colleagues were; whether you or they, or either of them, violated the laws of the State, and your or their duties; whether any loans, moneys, compensation, or gratuity, were received by either of you from any bank, company, or individual, with whom either of you had transactions as fund commissioner, and not credited to the State, either at the time of said transactions, or since; if so, by whom, and what amount; whether any profit or State funds have been appropriated to your or their use, or to either of them; if so, to whom and what amount; whether any losses, which should have been borne by either of you, have been carried to the debit of the State; if so, to what amount; whether you or your colleagues, or either of them, have sold bonds to irresponsible individuals, banks, or companys, without authority, and without the sanction of the others, and who these persons were?

In addition to the foregoing, the committee desire specially to be informed of all that relates to the transactions of Dr. Coe with the Staten Island Bank, or Whaling company and the loss thereby, whilst he was a director, or about the time he held that office; together with the probable or certain gain to himself, if any there was; also as to any influence the Morris Canal & Banking company exercised over Dr. Coe, whilst acting as fund commissioner, and your information of the cause of that influence.

State fully and particularly all you know, and also all you have been informed of directly, or indirectly, which you have reason to believe to be true, relating to the foregoing.

State also, whether either of the fund commissioners speculated in State bonds of any of the States, and the probable profit thereon. Also specially, as to transactions with certain free banks of N. York, and whether Dr. Coe did have the sanction of his colleagues in those transactions.

State also, all you know respecting return commissions, or brokerages having been shared by any fund commissioner.

Answer.

In answer to interrogatory number one, I say that my colleagues, while I was fund commissioner, were first Messrs. Sullivan and McCarty; after Mr. McCarty's resignation, Doct. Coe was appointed in his place; they were then Messrs. Sullivan and Coe, and after the resignation of Mr. Sullivan, Mr. Smith was appointed my colleague. Neither my colleagues nor myself, to my knowledge, violated the laws of the State, or their or my duties. No loans, moneys, compensation, or gratuity, was received by myself, or, to my knowledge, by either of my colleagues, from any bank, company, or individuals, with whom either of us had transactions as fund commissioners in making loans, which was not credited to the State at the time. No profit or State funds have been applied to my own use, or, to my knowledge, by either of my colleagues to their use. No losses which should have been by myself borne, or by either of my colleagues, have at any time been carried to the debit of State, to my knowledge. Neither myself, nor to my knowledge, either of my colleagues have sold bonds to irresponsible individuals, banks or companies, without authority, or without the sanction of others, unless selling bonds on time might be considered without authority. I know nothing of the transactions of Dr. Coe, with the Staten Island Bank, or Whaling Company, or of the losses thereby, while he was a director of said company, if he ever was, nor do I know whether he ever did or did not derive any gain from his transactions with that institution. I know of no particular influence the Morris Canal and Banking Company had over Dr. Coe while I was associated with him, other than the good standing that institution was in at that time, from the favorable exhibit of its condition, vouched by some of the first men of the nation at the head of the directory. I know the doctor had great confidence in the integrity and ability of said company, to perform its contracts with the State, and I know of no other facts than those alluded to which did give said company influence over him, if they had any. None of the fund commissioners speculated in State bonds to my knowledge. I know nothing of the transactions with the free banks of New York, except from official reports to the Legislature.

I know of no return, commissions or brokerages of any kind being received by any fund commissioner.

Interrogatory No. 2.

Do you know of Dr. Coe, or any other fund commissioner, officer, or agent of the State connected with the system of internal improvement, receiving 600 dollars or any other sum, from the Morris Canal and Banking Company, or any other company or person, for services rendered, or for other cause, or any gratuity or compensation in any form or for any purpose?

State all you know, and all you have heard, which you have reason to believe to be true relative to the above.

Answer.

The Morris Canal and Banking Company did agree with Dr. Coe, on behalf of the board of fund commissioners, to pay for executing a set of bonds delivered to them, which they purchased and paid for in lieu of other bonds which was prepared by the board for sale, which said company objected to, and agreed to be at all the expense or at least most of it, if the board of fund commissioners would have new ones executed, which was done, and the expense borne by the company, agreeably to the understanding with it before the bonds were made. The amount received of the company for this transaction I am not able [to] say. I have no knowledge of Dr. Coe, or any other person receiving any gratuity or compensation, other than a per diem allowance authorised by law, and the necessary incidental expenses, in the discharge of what was considered by me necessary to promote the interest of the State in relation to this matter.

Interrogatory No. 3.

State whether any Branch of State Bank, or any individual, as disbursing agent of the State or otherwise, has made use of the funds of the State, or paper of the State Bank, for the purchase of Michigan or other depreciated bank paper with which to pay contractors or laborers on the public works? and if so, to whose benefit such operations resulted.

Answer.

I know of no bank or individual disbursing agent of the State, who has made use of the funds of the State, or paper of State Bank, in the purchase of Michigan or other depreciated paper, for the purpose of paying contractors or laborers on the public works.

Interrogatory No. 4.

State whether while you were in the employment and pay of the State, as fund commissioner, you were or not also employed by the State Bank, or commissioners of the sinking fund, to negotiate loans on account of the bank? if so, what compensation, if any, you received for such services last above named.

State particularly all you know and all you have heard, which you have reason to believe to be true, whether any person has at any time been employed in the manner referred to in the above interrogatory, and if so, who, and what amount of compensation has by any person or persons been received.

Answer.

While I [was] fund commissioner, in the employ and pay of the State, it was made my duty by law to negotiate loans for the use of the State Bank, which I did, and I charged two dollars per day while thus necessarily employed, together with half the expenses of traveling, board, &c., and paid myself out of the appropriate funds, and reported the whole transaction in my annual report to the Legislature. My colleagues pursued the same course, and received the same compensation; and further than this, I have no knowledge of any transactions with the State Bank, or sinking fund commissioner, that I now recollect.

Interrogatory No. 5.

State what agency you had in negotiating the Cohen loans, and what was the agency of Dr. Coe in the same. State further whether you know of any thing in the negotiations of Dr. Coe, as fund commissioner which would indicate any disposition to speculate in stocks, or to do any thing to the prejudice of the interests of the State; and generally state any thing that you may know, or have reason to believe, of any neglect on the part of Dr. Coe of his official duties.

Answer.

It is difficult to state what agency I had, or that of Dr. Coe, in negotiating the Cohen loans, without giving a succinct history of the whole transaction, so far as I am acquainted with it, as I suppose the agency of either of us in effecting the loan consisted as much in authorizing or approving the act, as in being individually concerned in performing an act which had been previously authorized. I was one of the board who contracted with the Cohens for the first loan of \$600,000, which was paid on the delivery of the bonds. In the year following, when Dr. Coe was a member of the board, and all the members were present in the city of New York for the purpose of negotiating loans for carrying on works of internal improvement, it was ascertained or believed from all the information the board were in possession of, that no loans could be effected in the United States upon the terms previously adopted of requiring the money to be first paid before the delivery of the bonds, and although the board did not, at that time, feel fully authorized to deliver the bonds without payment being first made, or have them drawing interest, as that would be selling them below par, it was considered that as it was made the duty of the commissioners to deposit the money at some safe bank, at interest until it was drawn for to be used for the purposes for which it was loaned, there could be no impropriety in contracting for a loan to be paid as was required, if the contracting party would pay interest on the bonds equal to the amount of interest on the deposits, provided ample security could be had that the payments would be promptly met. It was upon these principles that the board agreed that a loan might be made with the Messrs. J. J. Cohen, jr. & Brothers, of Baltimore. There was at this time some correspondence with that house by letter, I think by myself, and one of the firm called at the commissioners' room at the Hotel in N. York, and proposed or intima-

ted that he would take the loan on the terms above referred to, but as my recollection serves me, the board gave him no assurance that they could deal with him upon terms that he would accept, but I think it was considered by the board unanimously, that if the Messrs. Cohens would give such security as the president and cashier of the Merchants bank in the city of New York would judge sufficient, that the board would close the contract with them for \$500,000.

Bonds to the amount deemed sufficient, or authorized to be disposed of for that year, were executed, and signed by Mr. Sullivan and myself, and there appearing nothing in prospect to justify the expense of remaining at N. York, it was determined by the board that we should return home, and leave Dr. Coe to consummate the contract with the Messrs. Cohens, if it could be effected, and ascertain if further loans could be made. I returned home by way of Baltimore and Washington city. Dr. Coe accompanied me to the former place, and proceeded to Washington city; whilst in Baltimore I called at the banking-house of Messrs. Cohens, and intimated to them that an arrangement might be made with them on the terms they had suggested in N. York, and that a proposition directed to Dr. Coe, who was authorized to contract with them, would be attended to. They concluded to take a day or two to consider the matter and would write Dr. Coe on the subject. I afterwards saw the Dr. in Washington city, and think we then got a communication from the Cohens, but am not certain. I returned home, and shortly got a letter from Dr. Coe giving a detailed account of his proceedings, in obtaining information as to the responsibility of the Cohens, and the securities, and the fact that the President of the Merchant's bank was from home, and that the cashier refused to give an opinion, and that he sought information from others, naming them, who were men of such good standing in Baltimore and N. York and whose opportunities for information was of such undoubted character, I was led to believe from his representations, together with my own knowledge of the standing and business of the Cohens, that the debt was well secured, and I wrote Coe a letter approving of his acts. The next spring when the Josephs failed, the Cohens, as I am informed, addressed a letter to the fund commissioners at Indianapolis, desiring some of them to go to Baltimore to attend to the business. Dr. Coe immediately repaired to that city, and wrote me that he was of opinion that he had secured the debt. I was afterwards in N. York during the early part of the same season, when from the immense changes which were so rapidly taking place in the circumstances of business men, together with the great depreciation in the value of property and stocks of every kind, it was apprehended that the Cohen debt was not safe, and I visited Baltimore with a view to see the Cohens and learn more particularly their circumstances and get additional security if practicable, or enquire into the effect or advantage of commencing suit against them; but after being informed of the nature of the laws of Maryland, and the practice of debtors surrendering their effects to preferred creditors, I became satisfied nothing could be gained by a suit at law; and as the Messrs. Cohens refused to give any additional security, unless the State would take what she had and what they would offer in full payment of her debt. I informed them that the board was not authorized to compromise the debt, or exonerate them from their liability to the State, unless full payment was made in cash; but if they would make such additional payments, or give such additional securities, as in the opinion of the Commissioners would be satisfactory, they would submit it to the legislature for their consideration. After communicating fully with Dr. Coe in N. York upon the subject I returned home. The Co-

hens and the Josephs made large advances in securities to Coe, upon condition of its being accepted upon the terms before referred to, and the board of fund commissioners united in the recommendation to the legislature, to accept of their proposition; and here my agency in the matter ended. I resigned in a short time afterwards. This statement is substantially correct, but most of the history which I have here given is from memory, and I may have erred. I do not pretend to give the exact words, but the substance and purport of the acts to which I have alluded.

In reply to the latter part of this sixth interrogatory, with regard to the conduct of Dr. Coe, as fund commissioner, which would indicate a disposition to speculate in stocks, or to do any thing to prejudice the interest of the State, I state emphatically and positively, that so far as came to my notice, I saw no indications in Dr. Coe's conduct or conversation which led me in the least to suspect he had any wish or design to speculate in stocks or to do any thing to the prejudice of the interest of the State; but, on the contrary, I had entire confidence in his honesty of purpose to promote that interest to the extent of his abilities; and yet my views and notions of transacting business in order to promote that interest, in some particulars were very different. This, however, I trust, was an honest difference of opinion in relation to the mode of accomplishing the desired object.

NOAH NOBLE submitted replies to the following questions:

Interrogatory No. 7.

By what authority did you make the change in the location of the termination of the Whitewater Canal at Lawrenceburgh, after it had been fixed by your predecessor, and the State had been to the expense of constructing one basin? Give your reasons in full.

Answer.

As to my authority or the reasons for the improvement made upon the plan for the extension of the Whitewater canal from the basin at the upper end of Lawrenceburgh to the river, I will adopt the language of my report to the Legislature, in the fall of 1839, to be found at pages 45—47 of the printed document of that session: to wit,

“That I might have the benefit of his experience and be made acquainted with the condition of the works, I made my first tour over several lines with the chief engineer. We reached this work at Lawrenceburgh the first of April. The canal being prepared for the letting in of the water and opening the navigation, my attention was first directed to a plan for connecting its commerce with the river. That question having been agitated before the members of the old board, my colleagues are too familiar with it to need an explanation. I will, however, remark, that the canal had been terminated at the basin, near the brow of the second bank from the river, near the head of High-street, at the upper end of the town of Lawrenceburgh. Without some change in the plan, all the descending produce for ex-

portation would be subject to the delay and expense of hauling from the basin to the common landing place at the wharf near the centre of the town, something like a quarter of a mile, there being no wharf nor streets prepared above; and in like manner all the salt, merchandise, and other freight upward bound, would be liable to similar charges and detention. The Cincinnati branch canal, diverging at Harrison, being under construction, it was too evident that if the trade from the upper counties should be delayed or taxed in hauling, or incur the expense of storage and commission fees, the trade would go to Cincinnati, and then the State, after laying out a large sum to build the canal from Harrison to Lawrenceburgh, would be deprived of the tolls, and the Cincinnati branch would reap the benefits. These considerations seemed to call for some step that would exempt the opening trade from these charges and embarrassments, to accomplish which there was no remedy but that of approaching the river near the wharfs, that the cargoes discharged from canal boats might be re-shipped on steam boats or otherwise, with as little delay as possible. The plan of my predecessor, as named to the old board, and generally concurred in, was to take boats from the basin on the high ground, through a lock down to the low or first bottom, and thence to the brow of the river bank. Gen. Long having made a contract yet to be performed, the only object of which was to let the water from the basin and mill races pass over a tumble, to be built of stone masonry, to the low ground, and thence to the river through a second tumble; it was thought best to connect the lock with the tumble, and then, by widening the race, to be dug through the bottom below, boats could reach the bank of the river. Upon an examination of the ground, however, an objection arose that equally applied to the race contracted for and to a canal,—that of being filled up or injured in time of high water. With the hope of avoiding this difficulty, either partially or entirely, the subject was postponed until I could return in May. In the meantime the chief engineer caused surveys to be made, to ascertain the comparative practicability and cost of several plans for attaining the object. The result of the examination was communicated to Mr. Williams, by the resident engineer, in the following report:

J. L. WILLIAMS,

Sir: Enclosed I send a rough sketch and estimate of termination of canal at Lawrenceburgh, upon three plans.

You will perceive that I have made no provision in the estimates for bridges, basins, nor tumbles, and I send the estimates in detail, that you may make such alterations or additions as you may wish.

Plan No. 1, continues the line straight out to the river, and thence down to Tate's warehouse, keeping up the high level and raising the tow-path or guard bank to 15 feet A.

Estimate of plan No. 1.

4,560 cubic yards excavation at 12½ cents,	-	-	\$570 00
79,953 cubic yards full embankment at 20 cents,	-	-	15,990 60
Total,			<u>\$16,560 60</u>

Estimate of Plan No. 2.

5,390 cubic yards excavation, at 13 cents,	-	-	\$700 70
49,379 cubic yards full embankment at 18 cents,	-	-	8,888 22
Total,			<u>\$9,588 92</u>

Estimate of plan No. 3.

7,215 cubic yards excavation, at 13 cents,	-	-	\$937 95
2,345 cubic yards single embankment at 15 cents,	-	-	351 75
12 feet lockage at \$1.600,	-	-	19,200 00
Total,			<u>\$20,489 70</u>

Signed,

S. HOLMAN.

The "tumbles" spoken of by the resident engineer, had been contracted for by Gen. Long in his plan for conducting the water from the canal and mills when built, to the river—the first to be built in the side of the second bank, and the other in the bank next to the river, and therefore no estimate was necessary. The *bridges* named would be required under the contract made by my predecessor, or upon any plan that could be named, but their cost would be somewhat varied. A *basin* was not found necessary, the lower arm being 80 feet wide.

By appointment, I returned to Lawrenceburgh about the 22d May. The ground between the town and the river being at from four hundred to eight hundred dollars per acre, the first object was to procure the right of way, and if possible to induce the owners to build the front bank of the lower arm of the canal. A proposition was submitted to Messrs. John, Brewer, Stockman, Gibson, and Coval, which was accepted, and a written agreement entered into, with a stipulation for the right of way, and that the front bank should be made at their expense; which agreement I file with the board. Col. James, the owner of the ground between the basin and the river, agreed to give the right of way through to the brow of the river bank, and being unwilling to risk the injury to his ground, out-side the banks of the canal, by digging up the earth to build them, he agreed to do the work at 18 cents per yard, being 700 dollars less than the estimate of the engineer. He also agreed to exchange 450 feet of his ground above the canal on the river, for that which had been purchased for water power. His written agreement I also lay before the board. These preliminaries having been

settled, the engineer was directed to lay off the work on plan No. 2, named in his communication, by running out the canal to the bank of the river, on the same level, and extending an arm 80 feet wide down near Tate's warehouse, through the grounds of the individuals before mentioned, and with an arm extending also up the river 450 feet, to accommodate the rear of the land set apart for the use of the water power belonging to the State.

By a comparison of the cost of the several plans, the board will find the difference between No. 2, the one adopted, and the one that had been contemplated, No. 3, is about 11,000 dollars; to which should be added the cost of the front bank of the arm from the main stem, down to Tate's warehouse, at the wharf, built by the individuals mentioned, and also the difference between the cost of the tumblers, and the price of the race contracted for across the low bottom, making in all not less than 16,000 dollars. In addition to that, boats will not be subject to the delay of passing a lock, the State will save the expense of attending to the lock, and have the benefit of the water that would be constantly used in passing boats each way through the lock."

Having given in [the] foregoing extract, the reasons assigned to the legislature for the extension of the work, the committee will perceive that I had visited Lawrenceburgh the last of April, 1839, with the chief engineer, before the plans from one to three had been surveyed. Being without this information procured by the surveys, and anxious to know the entire cost of reaching the river, whether by locking down to the low bottom from the basin on Gen. Long's line, thence across the bottom to the river, or by diverging from his line, so as to reach the safe and approved steam-boat landing below, I, before leaving Lawrenceburgh with the chief engineer, requested Mr. John to see all the proprietors of the land on the front bank of the river, and ascertain their price for the ground required for the use of the water power, the right of way, &c.; and particularly that he would [ascertain] the terms upon which he and the other proprietors would permit the canal to be constructed, leaving the line of Gen. Long at the foot of the lock, and thence through their lots to the desired steam-boat landing where the business of the town centred, and where the improved streets terminated at the river. While gone up the line, the chief engineer gave his orders to Mr. Holman, for the surveys 1, 2, and 3, in the extract from my annual report.

Upon my return to Indianapolis, or soon thereafter, I received from E. D. John the following letter, detailing the result of the inquiries made at my request. when at Lawrenceburgh the first of the month.

"LAWRENCEBURGH, 8th April, 1839.

"Dear sir:

"I CAN do nothing with Stockman; he will not put any price on the front of his lot, but says he will be satisfied with any price that disinterested appraisers will set upon it. Gibson says the same. Coval, who comes next, says he will take four hundred dollars for a half acre

of front. Tate says he will be reasonable in his charge. So you see nothing definite can be done without an appraisement.

"I would comply with your wishes as regards going through my property, if I did believe it was for the general good; but I am satisfied it is not. It would destroy the flat-boat landing. And another great objection with me is this: were you to carry it through my land, your enemies and mine would say it was favoritism, and done for my benefit. I, on that account, don't wish the canal to touch my land at the public expense. All I wish is, for the State to make the lock, and leave the rest to individual enterprise. Then there can be no complaining. The public mind had settled down on the canal entering the river at St. Clair street, which is the street running between Stockman's and Gibson's lots, and I believe that is the proper place; and inasmuch as Long had determined on that point, you will incur less responsibility in carrying out Long's arrangement than in any new arrangement you can make.

"Seward is here, and is very anxious to contract to make the lock. He has the the contract for the tumble, and says if both were put up at the same time they could be done much cheaper than if done separately.

"If the canal is run along St. Clair street, the land above, belonging to Gibson, can be had, no doubt, on better terms for mill purposes than any other land from the river.

"Let me know immediately what your decision is.

"If the lock is to be made the sooner the better; and if you say it will be made, as I understood you to say, when here, the arm down to the warehouse will be completed by August.

"Yours truly,

"E. D. JOHN."

From the contents of this letter the committee will see, that this "relative" was anxious to have the canal extended on the line of Gen. Long, terminating above his property, and resisted the plan I preferred, of passing through the land of himself and others, preferring to make an arm from Gen. Long's line down to the approved steamboat landing by private enterprise, holding the basin or arm thus made as private property.

The report of Mr. Holman, of May 13, as set out in the foregoing extract, giving the plans, so fully established the expediency and cheapness of the plan to be adopted, that the trip mentioned of the twenty-second May was made to Lawrenceburgh, and all the stipulations for the work with the proprietors, stated in the extract, were entered into.

Interrogatory No. 8.

Did you or did you not authorise, or were you knowing to a secret survey, or a survey which was known to a few only, being made on the route you afterwards located the extension of the canal or basin upon?

Interrogatory No. 9.

After said secret survey, and before the new alteration was generally known, did not your relative and another person purchase or bargain for most of the land through which the extension would pass? and were you not knowing to these purchases?

Answer to Interrogatories Nos. 8 and 9.

It is not true that any secret survey of the route was ever made. The only survey made was that performed by order of the chief engineer, made in my absence from the line; and whilst it was making it was known to all the citizens of the place, and for weeks before I had any report to act upon. No relative of mine purchased or bargained for land on the route of the extension, either in his own name or with one or more individuals, while the survey was making; nor did he obtain a foot of ground before, at the time, or after the survey, from any information and advice of mine; nor did any one of the owners of the ground through which the line runs make a purchase or sale, originating after my first visit to the line, until the route was fully known to each and all. The landholders were Pinckney James, Coval, Thos Gibson, Stockman, J. H. Brower, and E. D. John; each and all of whom were consulted in presence of each other, and assented to the plan. The first named, Col. James, before my appointment to the board was in treaty with Wm. Tate, Esq., in the fall of 1838, as they informed me, for fourteen acres of ground, extending across the bottom from the basin to the river, the bargain for which was closed finally in the April following. Whilst the parties were contracting, they, at their private expense, employed some one to survey the lines, not *secretly*, but openly and publicly, as will be seen from the letter of Mr. Tate, marked A.

Col. James having become the proprietor of the ground owned by Mr. Tate, without the slightest reference to the location of the canal through it, made enquiries of me relating to the use of the water power, and that his own views may be ascertained, I refer to his letter marked B.

Interrogatory No. 10.

Did you not locate the termination of said canal or basin on the land of your relative, E. D. John, and near a large warehouse belonging to him, which warehouse, after the canal or basin was brought near it, was changed into an extensive flour mill? Was or was not this change in the location of the canal or basin a valuable benefit to E. D. John, your relative, greatly increasing the value of his property?

Interrogatory No. 11.

Did you or did you not share with him or others or derive an advantage, directly or indirectly, from speculations, rise in property, or in any other way, from the extension of said canal or basin? And if not a partner in any speculations, why did you convey in your own name your own land in Clay county to J. H. Brower, in payment for out-lot or lots which had been bargained for by E. D. John, and which lot or lots lay near the termination of said canal or basin? State particulars.

Answer to Nos. 10 and 11.

The location of the canal, as stated in my answer on Saturday, was made in my absence by the engineer. It was necessarily and unavoidably made through the lands of the six proprietors before named, Mr. John with the others, and in such way as to produce the least inconvenience or injury. It was located "near a large warehouse" commenced by Mr. John, and "near" and "through" the property of others. The warehouse has been changed to a mill, as it could have been, had the canal been extended on the line spoken of by Gen. Long. The change in the location was, as I know, a great convenience and benefit to the public, and, as I think, a benefit to E. D. John, and the other proprietors of the ground through which it passed, "greatly increasing the value of their property." I so represented it, when stipulating with some of the proprietors for the construction of part of the work at their private expense, and I still think so.

I will repeat that I have never owned a foot of land on the White Water canal. I have not proposed to purchase an interest from any of the proprietors, nor did any of them sell or propose to sell to me their interest or any part thereof. I have never desired or received, in principal or profits, one dollar in lands or lots on or near the lots. I have made no deed "in my own name" to Dr. Brower. In 1835 or 36, Mr. John furnished me some funds to be used in purchasing land for a share of the profits; a part of which I placed in the hands of Andrew Wilson, who made the investment in his own name. I gave my title bond to Mr. John, and he in some exchange of property with Dr. Brower, not known to or of interest to me, transferred my title bond, and I procured the title from Wilson.

Interrogatory No. 12.

How has the State been benefitted by the extension above mentioned, and is there any material increase of transportation on the canal on account of said additional expense and extension? What was the whole cost to the State for the extension above alluded to including surveys, engineering &c?

Answer.

The State, I would suppose, in the grant of benefits and facilities to her citizens, is benefited herself. Of the rate of "increase of transportation," I am not informed by the proper officers, and must therefore leave it to others, having no means to enable me to reply; as to the cost of extension, I can only refer to the engineer's report of the cost of the route, and to the extract of my report.

A

"LAWRENCEBURGH, Dec. 10, 1839.

"N. NOBLE, SIR:

I have no objections to answer your questions, and can state that I was the owner of the land between the basin of canal and high ground on the bank of the Ohio river; that Col. James first proposed to purchase the ground of me some time in the fall of 1838, if he could get the privilege of carrying the water over on the level; if the canal commissioner would grant him that privilege, he would take it over in an aqueduct at his own expense, rather than to have it locked down as Long was going to do, for he was of an opinion the power at the river where he wanted it would not be worth having, owing to the detention of his works by high water. We conversed on the subject a number of times, and on the 27th of April, we made out our papers, though I think our bargain was made some time before, and as to the surveys that were made, I had a knowledge of them all, for I was requested to attend the same by the parties.

I sold the ground to Col. James for \$400 per acre for 14 acres, and I never suspected you for having any thing to do with the purchase from that time to this, and when I first saw the charge made I thought there was no ground to make it on.

Yours respectfully,

WILLIAM TATE."

B

"RISING SUN, May 3d, 1839.

"DEAR SIR:

Your highly esteemed favor of 24th April has just come to hand. I feel under great obligations to you for defining the manner in which I may obtain the use of the water at Lawrenceburgh on the ground I have selected.

My object in asking the privilege of using the water but once and that at a distance from the present basin, was to employ it for sawing timber, and the saw dust would be a great obstruction in the lower basin. Besides, I will keep up the level of the basin to the bank of the river immediately in front of the basin, and there use it in a place, where it could not be returned, nor would the dust produce any inconvenience. As the saw mill is designed only as a preparatory piece of machinery to afford facilities to other buildings which will be erected at the same place, I would like to obtain leave from the State to so construct my race from the basin to the river, that I could carry out all the advantages connected with its navigation. Should you determine to visit Lawrenceburgh, please let me know when, and if not at what time and place I may see you, to close my contracts, as I am anxious to commence work, and whether I can obtain this right of navigation in the race.

I remain yours truly,

P. JAMES."

N. NOBLE, Esq. Indianapolis.

Committee adjourned to meet again on the evening of 11th in the Capitol, at 6 o'clock.

J. C. EGGLESTON, *Chairman.*

In pursuance to adjournment committee met in the Capitol on evening of 11th at 6 o'clock. All present.

GEN. LONG offered his answers to the following interrogatories:

Interrogatory No. 36.

At what time did you commence the mercantile business at Brookville, Indiana?

Answer.

I commenced the mercantile business in the spring of 1837.

Interrogatory No. 37.

Did you or did you not make use of a part of the \$10,000 you received from the fund commissioner, Wm. Sullivan, for the purpose of purchasing the goods with which you set up the mercantile business?

Answer.

I did not. My purchases of goods were made on a credit of from 6 to 12 months.

Interrogatory No. 38.

Was or was not your indebtedness to the State, at the time you ceased to be a member of the board of internal improvement, caused by your appropriating a portion of the \$10,000 aforesaid to your private use?

Answer.

I have before stated, that when I went out of office there were funds of the State in my hands, and the cause thereof. The money here referred to, was properly appropriated, and strictly accounted for at the close of the financial year in which it was received, viz: Nov. 30, 1837. I would here suggest to the committee, that on all occasions where drafts were drawn on the fund commissioners, balances must appear on their books against the acting commissioner by whom the draft was made, until the amount should have been expended, vouchers taken, and presented to the board of internal improvement, and through them to the fund commissioners. This was the case in regard to the \$10,000 draft here referred to.

I have before stated, that in my settlement with the board on 30th Nov. 1836, the close of the financial year, there was a balance in my favor of \$2,644.97. In Dec. following, I drew upon the fund commissioners for \$10,000, the money here referred to, which was expended in the payment of contractors &c. on the White Water Canal. It was not expected, nor required by the board of internal improvement, that this money should be paid out, and vouchers taken and returned in the same month, and hence a balance appears against me on the books of the fund commissioners on the 31st Dec. 1836, as stated by Dr. Coe.

Interrogatory No. 39.

Was or was not that indebtedness arranged with Noah Noble, for the purpose of enabling you to take your seat in the Legislature?

Interrogatory No. 40.

How long before the session commenced, was that indebtedness closed and settled up?

Answer to Nos. 39 & 40.

After going out of office, I settled my accounts with the proper officers at the time required, to the satisfaction of all concerned, as had been the case on all former occasions.

Interrogatory No. 41.

State the cost of the extension of the basin at Lawrenceburgh from that point continued by N. Noble beyond the point at which E. Long stopped the work?

Answer.

I cannot give the information required, as I have not examined the estimated cost of the extension directed by my successor.

JOHN WOODBURN was sworn and presented the following answers to the interrogatories propounded by the committee.

Interrogatory No. 1.

How long were you a member of the Board of Internal Improvement? How long were you the acting commissioner on the Madison and Indianapolis Railroad; when did your office commence and when did it expire?

Answer.

I was appointed a member of the Board of Internal Improvement in the winter of 1835-'36; was sworn into office on 17th March, 1836, and continued a member until 4th March, 1839. During that time I was acting commissioner on the Madison and Indianapolis Railroad.

Interrogatory No. 2.

Who was the principal engineer first employed on said road? Who advised the present location of the Madison and Indianapolis Railroad,

from the top of the Madison hill, to its termination near the Ohio river? Was there or was there not a disagreement of opinion between yourself and one or more of the engineers on the subject of the location?

Answer.

Mr. Schenck was first employed as principal engineer on said road, and with most all of the other engineers connected with the road, advised the present location. There was no disagreement in opinion between myself and the engineers on the subject of the location.

Interrogatory No. 3.

Did, or did not the acting engineer express an opinion favorable to another route near Crooked creek, as greatly less expensive than the present one?

Answer.

He did not. Mr. Harney, Professor of Mathematics in Hanover College, surveyed the Crooked creek route, and reported it unsuitable and far more expensive than the present location. Mr. Harney was paid for his services by individuals friendly to that route, and not by the State.

Interrogatory No. 4.

Was the road below the Madison hill ever deflected or changed from its original location? If so, what change was made, and what were the reasons for the change?

Answer.

The road on the bottom, near the foot of the hill was changed. While I was at Indianapolis in the winter of 1836-'37, the engineers, probably not knowing that I had a full and complete release from the owners of the land, and believing that an abrupt curve would be productive of less damage to the property holders, than a gradual one, directed the contractor on the second section to make embankment. On my return, I directed the gradual curve to be made, believing it would be better for the State. My belief remains unchanged.

Interrogatory No. 5.

Did you, or did any member of the Board of Internal Improvement, or any subordinate officer, either directly or indirectly through another, ever speculate in lands or town lots lying on or near said Railroad, or any other public work of the State, during your or their continuance in office? If so, state the particulars.

Answer.

In the winter of 1837-'38, I purchased lands on and near the Wabash and Erie Canal in the counties of Wabash, Huntington, and Allen, at which time the canal was nearly completed through those counties.

Sometime after the location of the Railroad was made public, I purchased a lot adjoining my residence in the town of Madison, 21 feet front, and 68 feet deep, which I now hold. I believe Beckwith purchased land on and near the Railroad, but how much I do not know.

I do not know that any member of the Board of Internal Improvement, or any subordinate officer ever, either directly or indirectly speculated in lands or town lots on or adjacent to the public works, during my continuance in office, except as above stated.

Interrogatory No. 6.

Did you or any member of the board, exceed in your lettings, in amount of money, the limit prescribed for your operations by the whole board? If so, state who, and what was the amount of the excess of each individual.

Answer.

I did exceed in my lettings the amount appropriated, but how much I cannot say, as part of the work was done after my term of service expired. My drafts upon the Fund Commissioners were less by about \$20,000, than the amount appropriated. The over letting would not have taken place had not the expenditures exceeded the estimated cost. It was subsequently sanctioned by the legislature in an additional appropriation of \$400,000, to the road. Messrs Morrison, Long, and Maxwell also exceeded their limit, but to what extent I cannot say.

Interrogatory No. 7.

What connexion have you with the Madison Savings Company, or Insurance Company, or other corporation of that description in Madison? If an officer, stockholder, or director thereof, state.

Answer.

I have not now, nor have I ever had any connexion with the Madison Savings Institution. I am a stockholder in and President of the Madison Insurance Company. I have no connexion with any other corporation in Madison.

Interrogatory No. 8.

When was E. M. Beckwith appointed engineer on said road, and how long did he act as such ?

Answer.

Beckwith was employed as assistant engineer in April, 1836, and appointed resident engineer in September following, and acted as such until 4th March, 1839, when, as before stated, my term of service expired. How long he acted afterwards, I am unable to say.

Interrogatory No. 9.

Who employed or appointed him as such engineer, and who was the acting commissioner on the road during the time of his continuance in office ?

Answer.

Mr. Schenck employed him as assistant, and Mr. Pettit appointed him as resident engineer. I was acting commissioner on the road as above stated. My successor was Noah Noble.

Interrogatory No. 10.

What frauds were perpetrated on the State by said Beckwith during his continuance in office ?

Answer.

I have no knowledge that any frauds were perpetrated by Beckwith, but have been informed, and have good reason to believe that such has been the case to an amount exceeding 20,000 dollars.

Interrogatory No. 11.

Was it or was it not your custom, while acting commissioner on said road, to compare the original estimate of a contract with the final estimate, before the payment of allowances to contractors ?

Answer.

Such was not my custom, nor do I recollect that I did so in any instance. I had no doubt of the correctness of the final estimates. They were prepared by the engineers at their office, and, as I supposed, carefully examined before they were presented to me.

Interrogatory No. 12.

Did you use any individual agency in having the Madison and Indianapolis railroad located at the hill at Madison, with a view to enhance the value of your own property?

Answer.

I did not. Had such been my object, my interest would have been greatly promoted by adopting the Crooked creek route.

Interrogatory No. 13.

State whether you ever purchased any railroad iron for said road, without a previous order from the board of internal improvement. If yea, state the amount of the purchase, and whether you took the most economical mode for the supply and forwarding the said railroad iron, and the storage and deposite of the same, and whether you refused to let any other person render any of said service at a less compensation than you expended therefor.

Answer.

I made no purchase of railroad iron at any time, without the authority of the board. In the fall of 1837, I employed Messrs. Brown & Brother of [the] city of New York, to purchase through their house in Liverpool, 2,000 gross tons of railroad iron, with instructions to consign to Messrs. Hyde & Comstock of New Orleans; by them to be forwarded to Culver Woodburn, at Madison. By previous arrangement, the following compensation was paid;

To Brown & Brother, New York, 2½ per cent. commission; to Hyde & Comstock, of [New] Orleans, for receiving, forwarding, and indorsing duty bonds, (two responsible names in addition to the consignees being required,) seventy-five cents per ton. I am satisfied the most economical plan was adopted in the transaction. Governor Duncan, of Illinois, was in New York about the same time, for the purchase of railroad iron for that State. I was informed by the merchant who transacted the business, that Gov. Duncan paid five per cent. commission in New York, and by good authority in Orleans, that he paid 2½ per cent. for indorsing bonds, and six dollars per net ton for receiving and forwarding the iron; making a difference in favor of Indiana, for the same services, of more than five per cent. These were the tariff rates at that time, as established by the Chamber of Commerce.

By reference to the report of Messrs. Williams, Forrer, and Welch, engineers, made to the legislature, December 27, 1837, it will be seen that railroad iron is estimated at 90 dollars per ton, whereas the iron purchased for the Madison and Indianapolis road did not exceed 80

dollars per ton, making a difference in favor of the State, of 20,000 dollars, between the actual and estimated cost.

At Madison I made no specific contract, believing that my brother's charges would be reasonable. Previous to any settlement with him, I procured the certificate of eight or ten of the most respectable merchants of Madison as to the value of the services rendered, and subsequently paid him 75 cents per ton, the lowest sum mentioned, for advancing freight, receiving and delivering the iron, and not at the average rate.

I do not recollect that any offers were made to perform the services at a lower rate than that paid my brother; if any, it was after the iron was received, or began to arrive.

Interrogatory No. 14.

Did you or any other person have any secret understanding with Beckwith, about the location at the Madison hill? If yea, state what that understanding was.

Answer.

I had no secret understanding with Beckwith or any other person, in the location of said road, calculated to injure the interest of the State.

Interrogatory No. 15.

Did you give said Beckwith any compensation for said location, which you have never reported? If yea, state what that compensation was.

Answer.

I did not.

Interrogatory No. 16.

Did you ever have any understanding with any citizen or citizens of Madison, that you would use your influence to have the said road located as aforesaid, with a view to enhance the value of the property of any one or all of them? If yea, state with whom that understanding was had.

Answer.

I had no such understanding, nor did I ever exert any such influence.

Interrogatory No. 17.

State if you know of any corruptions in office on the part of any of your colleagues or others, in relation to any of the public works, or with the funds of the State. If you do, state all the particulars connected with such corruptions.

Answer.

I know of no corruptions in office on the part of my colleagues or others in relation to the public works, except as above named, in relation to Beckwith. Mr. Burr was discovered to be a defaulter, and the fact was promptly reported to the Legislature. I am informed that Beckwith obtained money from the State by corrupt and fraudulent practices, and I believe such to be the case from the fact of his arrest, the judgment obtained against him in the Jefferson circuit court, together with the statements of the engineers.

Interrogatories Nos. 18 and 19 are answered in my reply to the seventeenth.

Interrogatory No. 20.

Are you a member of the Madison company which purchased the bonds of the State for the prosecution of the Madison and Indianapolis railroad under the appropriation of four hundred thousand dollars, and are you acquainted with any of M. Stapp's negotiations or settlements with said company, growing out of said purchases? And generally state all the particulars in relation thereto, and if the State sustained loss thereby, and the amount thereof.

Answer.

The settlement with Gen. Stapp, of which the following is a copy, is submitted as part of my answer. I am a member of the Madison Company.

The MADISON BOND Co.

	In Acct. with the STATE OF INDIANA,	Dr.
To \$180,000 five per cent. dollar bonds, bearing interest		
from 1st Jan., 1840, at 88 cents to the dollar,		\$158,400 00
\$41,000 do. do. 1841 do.		36,080 00
1 year's interest on \$158,400 at 6 per cent. -		9,504 00
		<hr/>
		\$203,984 00

Cr.	By Payments: to wit,	[Brought over,	\$203,084 00
1840.			
April 21, By	Amt. from Binghampton Bank,	\$26,000 00	
	Interest to 1st Jan. 1841,	1,072 50	
Jan 1.	Cash of Seneca Co. Bank,	2,000 00	
	1 year's interest,	120 00	
April 1,	Cash of Staten Island Bank,	10,000 00	
	Interest to Jan., 1841,	450 00	
Jan. 20,	Cash of Binghampton Bank,	10,000 00	
	Interest to 1st Jan. 1841,	466 66	
July 1,	Cash of Staten Island Bank,	6,000 00	
	Interest to 1st Jan., 1841,	180 00	
„ 20,	Cash of same,	2,000 00	
	Interest to 1st Jan., 1841,	63 34	
Sept. 3	Cash of Binghampton Bank,	20,139 41	
	Interest to 1st Jan., 1841,	402 78	
Aug. 1,	Cash of same,	5,000 00	
	Interest to first Jan., 1841,	120 00	
Oct. 9,	Cash of Seneca County Bank,	2,000 00	
	Interest to 1st Jan., 1841,	24 00	
„ 20,	Cash of Binghampton Bank	10,000 00	
	Interest to 1st Jan., 1841,	233 33	
„ 24,	Estimates and drafts,	38,295 96	
	Interest to 1st Jan., 1841.	330 83	
1841,			
Jan. 1,	Chas. Malley's note (Staten Island)	\$2,500 00	
	Less interest to time when due,	40 00	2,460 00
	Statn. Isl. Bk. notes,	20,552 99	
	Less interest to time when due,	516 00	20,036 99
	Danforth's Acceptance,	25,677 42	
	Estimate, sec. No. 43, No. 158,	596 62	
	„ 22,	1,161 80	1,758 42
			<hr/>
			19,252 36
	To Cash paid on the above estimates,		387 27
			<hr/>
			19,639 63
	By 20 Bonds, Seneca Co. 88 cents,	17,600 00	
	\$1,950 \$50 treas. notes, \$1950 00		
	Intst. on same to 1 Jan. '41,	81 25 2,031 35	19,631 25
			<hr/>
	Balance,		8 31
	„ Cash,		8 31
			<hr/> <hr/>

Received the above in full, on a final settlement with John Wood-

burn, Wm. Hendricks, Geo. W. Leonard, and V. & J. King, the Madison Bond Company, in fulfilment of their contract entered into with myself and Lucius H. Scott, Fund Commissioners of the State of Indiana, on the 19th of October, 1839,

MILTON STAPP, Fund Commissioner.

Jan. 26, 1841.

On a final settlement with John Woodburn, Wm. Hendricks, George W. Leonard and V. & J. King, the Madison company, they have paid to the fund commissioners the full amount for the \$221,000 of bonds purchased by them, as per my report of Oct. 1840, which payment will more fully appear by our settlement of this day; and the said company declining to hold themselves further liable on their contract with the fund commissioner of 19th Oct. 1839, the contract is rescinded, cancelled, and annulled, and the bond is this day given up to said company.

MILTON STAPP,
Fund Commissioner.

JAN. 26, 1841.

Interrogatory No. 21.

State if you know of any profit having been made by the use of any public funds by any member of the board of internal improvement, or fund commissioner, either by exchanges, by use of the funds in trade, or by any other operation in them. Also whether any member of the board of internal improvement, or other subordinate officer purchased estimates of contractors, or assisted or connived at contractors getting a larger amount upon their contracts than allowed by law. If yea, state the circumstances and names of parties. State all the information you have bearing upon any of these subjects.

Also state the mode in which the contractors were paid, whether by checks on the bank or in merchandise. If by checks on the bank, were those checks paid there in depreciated paper, or in the paper of the bank of Indiana

Answer.

I have no knowledge that any officer of the State made any profit by the use of the public funds in any way, except as stated in answer to 17th interrogatory. Neither did I ever connive at any fraudulent practices whatever; nor do I know that any officer of the State ever did except as above named.

The contractors on the Madison & Indianapolis railroad were paid by drafts upon the fund commissioners at the Madison branch of State Bank of Indiana, in paper of that bank or other bankable paper, as I suppose. I do not know that any contractors were paid in Michigan or depreciated paper.

Interrogatory No. 22.

Were you a partner with your brother, Culver Woodburn, at any time while you were a member of the board of internal improvement.

Answer.

I was not, nor have I been since.

Interrogatory No. 23.

Did you at any time make an agreement with some man or men to deliver cedar timber at Madison by way of the river for the use of the State?

Answer.

I did purchase some cedar timber for Madison Road.

Interrogatory No. 24.

If so, did said man or men make application to you to pay \$50 on the contract, he or they having delivered a part of said cedar timber from the boat or craft, and engaged in delivering the balance from it?

Answer.

I have some recollection that an individual called on me for \$50 advance to discharge his hands, before the timber was delivered or perhaps measured.

Interrogatory No. 25.

If so, did you or did you not reply in substance as follows, "I am the agent of the State, and as your contract is not fully executed, I must act up to the letter of my instructions as a public officer; I cannot give it to you, but my brother Culver will give you \$50, if you will pay him \$5, stating that \$5 was five per cent on the \$50 wanted?"

Answer.

If so, as I was not authorized to draw on the fund commissioner in advance, I might have suggested that he could be accommodated by calling on some commission merchant.

Interrogatory No. 26.

Do you know that any member of the board of public works, or other officer, or other person, or persons, ever in any way participated in getting, or was or were benefitted by the money and funds fraudulently obtained from the State by E. M. Beckwith?

Answer.

I do not.

Interrogatory No. 27.

Had said Beckwith any money to loan when he entered the service of the State, in your opinion, and do you know that any friend or relative bequeathed him any money or property of any kind, prior to the time he ran away.

or did any one ever let him have the funds of the State? Should any of these questions be answered affirmatively, state all the particulars connected therewith.

Answer.

I do not think he had, neither do I know that any friend or relative ever bequeathed him money or property. If he ever obtained money from the State improperly, it must have been from contractors by over estimates, the plunder being divided between them.

Interrogatory No. 28.

Did you or did you not borrow any money from him, (Beckwith) since his employment by the State? If so, what amount, how often, and for what purpose, and do you know of any other person or persons that did?

Answer.

As before stated, my term of service expired on 4th March, 1839. About the 1st April following Beckwith informed me that he had received \$10,000 bequeathed to him by an uncle in Alabama. Being at that time engaged in the pork trade, I borrowed of Beckwith \$4,500, to aid me in my operations, for which I gave my note payable in four or six months with interest. I also was informed that he had loaned \$4,500 as follows; to Culver Woodburn \$1,000, to Geo. W. Leonard, and John Sering \$1,000, to Wm. G. Wharton \$1,000, and to Sheets & Grover \$1,500. On my return from Orleans in July, I learned Beckwith's arrest upon a charge of defrauding the State. This circumstance, and a consultation with the engineers excited a suspicion in my mind as to the manner in which the money thus loaned had been obtained. My note was presented for payment by a brother of Beckwith. I refused payment, and informed him that unless an authenticated copy of the will bequeathing the money to Beckwith was produced, I should consider it fraudulently obtained from the State. I subsequently received notice from J. G. Marshall, Esq. that he held the note. After consultation with S. C. Stevens, Esq. attorney for the State in the suit against Beckwith, I lifted the note.

I do not recollect that I borrowed money of him at any other time; if I did, it must have been a small amount.

Interrogatory No. 29.

Did you or did you not consider him a talented young man, and a scientific engineer?

Answer.

I considered him to have sufficient talent, and I know him to be industrious. As to his scientific attainments, I cannot say.

Interrogatory No. 30.

Did you or did you not employ him because you could get no one else to report it practicable to locate the Madison & Indianapolis railroad where it is at the hill at Madison, and did not other engineers refuse to make such report and location because of its inexpediency or impracticability?

Answer.

I did not employ him at all. Mr. Schenk employed him as assistant, and Mr. Pettit appointed him resident engineer. My further answer will be found under interrogatory No. 2.

Interrogatory No. 31.

Was it not your wish that he, (Beckwith) should be the resident engineer on the Madison road, and did you have any secret understanding with him to that effect.

Answer.

My only wish was to procure the best man, at the compensation allowed. I had no understanding with him on the subject.

Interrogatory No. 32.

State as nearly as you can, and to the best of your recollection, the excess of your lettings on the road beyond the license given you by the board. State when those excessive lettings were made and where.

Answer.

My first lettings were between Vernon and Madison; my second between Vernon and six mile creek. I did not think I had exceeded my limit. In the first letting, some sections estimated as ordinary earth excavation, proved to be rock, very materially increasing the expenditure. This, together with Beckwith's rascality in over-estimating, caused the excess, which I think is about \$50,000.

Interrogatory No. 33.

You state that you paid your brother 75 cents per ton for receiving and forwarding about 1580 tons of railroad iron to the hill near Madison. State the nature of the duties performed for the 75 cents per ton so paid him, and whether or not his duties were merely supervisory.

Answer.

The duties performed by my brother were as follows: He received and counted the bars and compared them with the bill of lading,

paid the steam-boat rates and wharfage, taking triplicate receipts in my name as commissioner, superintended the loading of every bar on wagons or drays, and made out tickets for each wagoner or drayman, and compared them with the receipts returned from the depot on the hill; and also paid for the handling of much of the iron at the wharf. The customary charge is ten cents per cwt.

Interrogatory No. 34.

What order was made by the board of internal improvement relative to their own pay and expenses, while you were on the board? State what pay of each member.

Answer.

The compensation of the members of the board was fixed by law at two dollars per day, for each and every day necessarily employed, and an equitable allowance for travelling and contingent expenses. The board passed an order fixing the latter at one dollar and fifty cents per day.

Some exceptions having been taken to my answer to No. 25, I beg leave to remark, that I had no intention to evade the interrogatory, and now state in answer, that I have no recollection of having made any such reply, and am confident that I did not say that the five dollars was five per cent. on the 50 dollars wanted.

I would respectfully suggest to the committee, that when called to appear before them, I was unapprised of the duties required of me. I have therefore been unable to have access to original documents, or even copies thereof in most cases. As a necessary consequence, my answers have, in many instances, been given from recollection, and are not so accurate with respect to dates, amounts, and particular transactions, as I could desire, but are substantially true.

JOHN KING returned answers to the following interrogatories:

Interrogatory No. 15.

What amount of funds have you disbursed as N. Noble's agent, since the first of March last, on the Madison and Indianapolis railroad? In what funds, and where did you obtain them?

Answer.

The amount of disbursements on the Madison road since the first of March last, I cannot state accurately, not having here the items from which to make it; for some particulars in relation to this subject, see my answers to interrogatories Nos. 10 and 11, but would state that, for the whole I rendered an account to N. Noble, Esqr., present fund commissioner, and I would further state, that a part of the bonds

and cash for said payments, were furnished by Gov. Noble, and a part of both was furnished by Gen. Stapp, as I understood, for Noble.

Interrogatory No. 16.

What part of the above has been paid since the operations were directed to be stopped, and to whom?

Answer.

The operations on the Madison road had stopped some time before our company had any thing to do with the road. I have no means of knowing how much was paid on it; as it took place, I think, about four months before our company made any payments on the road.

Interrogatory No. 17.

Are you still a member of the Bond Company? If not, state when you left that company, and why you dissolved.

Answer.

In my answer to 11th interrogatory, I stated the company settled with Gen. Stapp, the fund commissioner, and took up their contract, and in my answer to 8th interrogatory, I exhibited a document marked A. I understand the same persons who composed the Bond Company to agree under this arrangement, that the payments might be made through them as formerly on the road, but as I understood, without risk to them. This agreement was made at the suggestion and signed by the fund commissioner, and not by us.

Interrogatory No. 18.

What amount of bonds, treasury notes, and cash, have you now on hand or within your control or knowledge, which is the property of that company, on account of the road?

Answer.

Bonds or cash, none. Treasury notes, none that belong to the State. We are now indebted, and I have paid out of other means upon the road, and connected with it, in cases where we could not use treasury notes without much loss, amounts greater than any amount now on hand will remunerate.

Interrogatory No. 19.

Did N. Noble ever tell you to keep any thing secret, lest he might

be made liable for a violation of the act for the payment of Hendricks on his contract ?

Answer.

Not to my knowledge.

Interrogatory No. 20.

State whether the contractors on the Madison road relinquished their contracts, before they were paid in treasury notes ? If not, how were they paid the back per centage ?

Answer.

So far as I know, I think the contractors on the Madison road did not relinquish their contracts. I think it was about the 6th of June, 1840, Gov. Noble gave me between 16 and 17,000 dollars in treasury notes, which he directed me to go to Vernon and pay out to contractors ; which I did shortly afterwards, taking up their estimates as I was directed, which estimates I handed to Gov. Noble. This was done several months before our company made any payments on the road. There can be no reasonable doubt, I think, but that some of the contractors on the Madison road, who received treasury notes from me as above stated, did afterwards go on with their work on said road ; but I have now no recollection as to any particular individual, not having any memorandum of said payments, I cannot particularize.

ABRAHAM HENDRICKS being sworn, handed in his replies to the following questions :

Interrogatory No. 1.

Were you early a contractor on the public works in Indiana ?

Answer.

I became a contractor on the Madison and Lafayette railroad in 1836.

Interrogatory No. 2.

Who were engineers over you ?

Answer.

Mr. Pettit was chief, Mr. Torbet resident, and Gillett, Duey, and Beckwith assistants.

Interrogatory No. 3.

Were you in partnership with any one ?

Answer.

I, in connection with John Cooper, bid for section number two, Madison and Lafayette railroad, which was awarded to us. I then went into private contract with Cooper to take hold of the work, and I returned to Pennsylvania. Cooper having work on the Wabash, did not come on until after the time stipulated in our contract. J. H. Hendricks, my son, then living in Madison, wrote me, and I again came down. Before I arrived, the work was re-let to Overholtzer and J. H. Hendricks. The former agreeing to take hold as Cooper had agreed to do, and the latter being interested in merchandising, remained in Madison as usual.

I again went home. Soon after I got home, my son again wrote me two or three letters, urging me again to come down, which I did. Early in April, 1837, I arrived in Madison. I found by this time, that Overholtzer was an applicant for the benefit of the insolvent act in Lancaster, Pennsylvania, and that E. M. Beckwith was promoted to that of resident engineer in the place of Mr. Torbett; and that he, Beckwith, had run from debts which he owed in Lancaster, Penn., and that he had borrowed money from Overholtzer to bear him West, he well knowing, that Beckwith came away under those circumstances. Pondering over the above circumstances in my mind, I became soon discouraged. The work was in great derangement; my son and I making frequent advances, and the section still getting further in debt, we were obliged to buy Overholtzer out. Thus it is, that the contract stands in the name of J. H. Hendricks, and the work done by A. Hendricks and Son.

Interrogatory No. 4.

When did you first discover any thing wrong with Beckwith?

Answer.

About the time we bought Overholtzer's interest, I thought some of his conduct strange, and at first I could not account for it; but finding that he wanted me away and Overholtzer there, I took charge of the work and submitted for sometime to all that came in my way from Beckwith, as though I was ignorant of his designs, still pressing the work according to contract, so that it gave him no opportunity of taking from us the contract.

On the 5th of August of same year, the board over that work, decided that it should be a "thorough cut" instead of a tumble; accordingly Beckwith issued an order to that effect. A profile had been made for a tumble, but as yet none had been made for a thorough cut.

Our order directed us to remove all our forces from where they were at work preparatory to tunneling to the top of the hill, or south side of the top of the hill, without the aid of any side stakes; and we never had a profile for a thorough cut, until the April following, when we were presented with one which misrepresented the natural surface of the ground, (then defaced by five or six months work) to the great injury of the contractor. During a part of this summer, (1837,) I had a hope that matters were becoming more favorable than contemplated by me. For the months of July, August, September and October, our estimates were pretty fair, but through the forepart of the winter, we began to see, that a hostile course towards us was certainly designed, and my son came to the place to see the chief engineer, J. L. Williams, who came on sometime in the April following, but did nothing further than order a statement of the work to be made out by Beckwith, while he, Williams, went down to New Albany, and after he returned, he produced the false profile which you have heard spoken of.

Interrogatory No. 5.

Did you ever make known by way of complaint, your opinion of him? If so, state fully the nature of your complaints to whom made, and the results of those complaints.

Answer.

At the time Mr. Williams presented the profile, I told him in the presence of John Woodburn and Beckwith, that I had lost all confidence in the young man; that I regarded the profile as a picture to deceive, that any thing coming from the pen of that young man, I had no confidence in, and that we had expected him, Williams, to re-measure the work, and thereby put his foot on the difficulty. We then enquired when the Board of Internal Improvement met, and were informed that it would meet in June following. My brother, William Hendricks came up with me and used his influence, being of the impression that all was not right, and I being a stranger in the State, but the board still retained him, Beckwith.

In December or January following, I put him, Beckwith before the board again. On this occasion, I spread before the board the profile, and the affidavits of twelve respectable men living in Madison and its vicinity, stating that Beckwith was unfit and unsafe for the duties of the office he held. Some of them stated that he was so destitute of truth that they could not believe him on oath.

At this investigation, J. L. Williams was made a witness, and under oath sustained him, and pronounced the profile true. Still Beckwith was retained. I believe, however, that had it not been for John Woodburn, and Mr. Williams, I should have effected his removal, and thereby have saved the State money.

Greatly discouraged, finding that nothing I could procure, could

make truths prevail before the board, I then went to the legislature, and there had the hostile influence of J. L. Williams to compete with, during the pending of a bill, authorizing an arbitration, which with difficulty I got to pass.

I will here remark, that nine of our monthly estimates immediately preceding that of November, (and all that time working a strong force) amounted to an average of less than \$1,500, when our current expenditures were more than twice that amount; and that succeeding one for the month of November, with a much lighter force, we had an estimate of \$5,159. After this we had seven liberal estimates in succession, and preceding our arbitration, which greatly reduced the liabilities of the State, and thereby covering up a part of the fraud practised on us. This arbitration resulted favorably. The profile was by Beckwith acknowledged false, and could we have proved some work which was concealed and covered up, and which ought to have been accounted for, I believe we ought to have had about \$10,000 more than we got.

In closing my answer to this question, permit me to state that all through our difficulty, we frequently importuned Jno. Woodburn for justice, but in vain. I did ever believe, and I do now believe that John Woodburn, was more blameworthy than Beckwith, and that he could have saved difficulty by dismissing him from the service of the State when he first discovered his lax principles.

Interrogatory No. 6.

Did the State sustain a loss by his continuance, and how long was he continued after your first complaint?

Answer.

The State did sustain a great loss by him, but to what amount I cannot tell. He was continued in the service of the State about two years and a half after we complained first to Mr. Williams, but we had frequently complained to John Woodburn before that time.

Interrogatory No. 7.

What did you suppose was his object in thus persecuting you at the expense of the State?

Answer.

I suppose his object was to drive us away and get some person in our place, who would better comply with his wishes, and who would better subserve his corrupt purposes. Our work being rudely situate in the river hill, and a heavy work, false estimates could have easily been awarded without being detected.

Interrogatory No. 8.

Did you importune Jno. Woodburn or J. L. Williams from time to time, on the subject of your difficulties?

Answer.

I did and had several others use their influence.

Interrogatory No. 9.

Did J. L. Williams ever swear to the truth of a certain profile of Sec. 2, 1st division of Madison & Indianapolis railroad, otherwise known as the contract of J. H. Hendricks, and made by Beckwith at the request of Mr. Williams, which was afterwards found to be false? State all you know and all you believe to be true with regard to the transaction.

Answer.

He did, as I have stated at some length in question 5, but I will here remark that my declining to look at the profile when first presented by Mr. Williams, was wrong, as will appear from the following circumstance. Some three months after, I concluded (after having been before the board of internal improvement) that it might be well to understand it. I went to our office on the section one morning, with a determination to understand it, if possible. Being alone, I turned the key, but at almost first sight, I found it false except the centre cuttings or stakes, which had been set by the locating engineers, in locating the tunnel. I took on a scrap of paper a transcript of a few stations, and went out on the work and found with the aid of one of our overseers some side stakes. A common sense man had nothing to do, more than to look at the profile and then at the ground to enable him to swear that it was false. I then mounted my horse, went into town, got Mr. Collins, the city surveyor to come out to test those stations. I also notified Jno. Woodburn, thereby giving Beckwith an opportunity to attend. Messrs. V. King, D. McClure, Wm. Hendricks, John Woodburn, and several others came out with Mr. Collins. The test was a proof of its falsity. We then took from Mr. Collins a certificate of his levels, enclosed it in a lengthy letter written to Mr. Williams (a copy of which was handed you by my son) referring him to a copy of profile in his own possession, and again asking the removal of Beckwith. This letter I believe, like many others, was treated with silent contempt. To help the committee to a fair understanding of this profile, I will compare it to a contract for digging a cellar where a mound stands, and after the contractor removes the mound and digs the cellar, it is denied that there was a mound there, and the cellar is only to be paid for. Part of the work illustrated by the above figure, we were able to prove before the arbitrators, and part we were not. Thus it is that we sustained a great loss for want of a true profile before the natural surface of the hill was broken.

Interrogatory No. 10.

State if you know of any frauds, corruptions, or misconduct of any member of the board of internal improvement, engineers, or agent, or any other

person upon the public works, or of any fund commissioners. Give a detailed statement of all you know; also any frauds of Madison Bond Company, or their misconduct.

Answer.

I do not know of any frauds, corruptions, or misconduct of any member of the board of internal improvement, or engineers, except what I have in part spoken of in the above questions relative to John Woodburn, J. L. Williams, and Beckwith. I have no personal knowledge of any agent, or any other person upon the public work, practising any frauds against the State. The many rumours abroad I do not know any thing about. I do not know of any thing wrong in the official conduct of any fund commissioner, except that of sacrifice of State bonds, and illegal, although just, claims paid contractors by Gov. Noble, and his disregard of a special law for the relief of J. H. Hendricks, all of which you may learn from testimony of others.

My knowledge of the bond company's movements has been very limited. Although my brother is a member of that company, their plans and modes of operations were not made known to me even by him. As my interest and the road interest (Madison railroad) were conflicting interests, the principal actors of the company and I came in immediate contact, although my brother did not talk as freely with me on that subject as he did on others, I could in part excuse, as I believe he did not attend all their company meetings, and perhaps did not understand all the doings of the principal actors of the company.

As the question is apparently designed to call me to answer for myself, as well as others, I have only to add that I engaged in our work on section two with entire honesty of purpose, and to my knowledge and belief, have never taken from the State of Indiana one dollar, directly or indirectly, that I did not consider strictly my own, and that I confidently believe that the firm of A. Hendricks & Son might and would, this day, have been \$10,000 better off than we are, had Jno. Woodburn, J. L. Williams, and Beckwith done their duty.

T. A. MORRIS returned his answer to the following interrogatory:

Interrogatory No. 7.

State what was the understanding between you and John King on the subject of said King paying contractors, and whether this mode of payment was adopted with a view to continue the contracts upon the Madison and Indianapolis railroad, and whether John Woodburn sanctioned this mode of payment, that the work might go on? State the particulars of your directions to contractors to make application to said King for payment; what the object was in applying to him rather than the commissioner on said road; and whether John Woodburn recommended this course; and whether he and said King had a consultation in relation thereto. If yea, tell all that was said; and generally give all the particulars in relation to this mode of payment, the object, all that was said, and if any one derived profit therefrom, and what amount.

Answer.

I had no understanding with Mr. King on the subject of said King paying contractors. I had understood that the bond company (King, Woodburn, & Co.) made arrangements with the contractors to finish the jobs for which they had contracts at the time of the general suspension of operations throughout the State, and presume Mr. Woodburn sanctioned it, as he was one of the company. If I did direct contractors to make application to Mr. King for payment, which I may have done, but do not recollect any particular instance, I did so because I had been informed of the arrangement above mentioned. It was not the habit of the acting commissioner on the road to pay contractors, but to give drafts on the fund commissioners for the amounts due them. Such drafts were made on the part of the commissioner, and my object in directing contractors to Mr. King for payment was, because I had been informed that he was to pay them on behalf of the company. I suppose Mr. Woodburn recommended this course as he was one of the company for whom King was acting. I have no recollection of any consultation between Messrs. King and Woodburn in relation to this matter. If they ever had one in my presence the fact has escaped my recollection. I know of no one who could have derived any profit from this mode of payment, except the bond company, nor do I know that they have derived any.

MESSRS. ROBERT AND HUGH STEWART, being sworn, submitted their joint answers to the following interrogatories:

Interrogatory No. 1.

Do you or do you not know of any corruption or misconduct on the part of any officer or agent connected with the public work? If you do, state all you know in relation thereto, giving the names of the guilty and the nature of their guilt.

Answer.

We know of no corruption by any officer of State, with the exception of Beckwith, on the Madison and Indianapolis railroad.

Interrogatory No. 2.

If you have been contractors upon the public works, then state whether you have ever had any understanding with any commissioner, or any officer of the State, by which goods were to be bought of them, or any advantages derived by them? Also whether you know of any officer of the State buying up estimates or other evidence of claim against the State; also if you know of any violation of law by any officer of State, or of any advantage which they have had which has not been credited the State? Give all the particulars. Do you know

of any agent of the State, or the bond company, or any member of it, buying up bonds once or more times, of contractors, and paying the same out again? State particulars.

Answer.

We were contractors upon the public works of this State. We never had any understanding with any commissioner or officer of the State, either in the purchase of goods or otherwise. We know of John A. Graham, an officer of the State, purchasing certificates and claims on the State to a very considerable amount, at a heavy discount, paying the same partly in Gallipolis paper and partly in dry goods from his own store.

We do not know of any intended violation of law by any of the public officers. We do not know of any agent of the State speculating in state bonds. We are aware of the Madison bond company purchasing, trading, and speculating in state bonds and treasury notes (fiftys to a considerable extent) from September, 1840, up to November, 1841. We have sold said company from sixteen to twenty thousand dollars in state bonds, at from seventy-five to sixty cents per dollar, paid partly in treasury notes, fives and fiftys, partly in Gallipolis paper, and partly in Newburyport paper; seven of the above number being in a certificate calling for bonds.

Interrogatory No. 3.

State all you know as to L. B. Wilson's skill as an engineer; by whom he was appointed and when; on what works he was employed as engineer; and particularly all you know as to John Frazier having been discharged, and by whom, as engineer on the New Albany and Vincennes road, and said Wilson having been appointed in his stead. What was the nature of Wilson's operations on said road, and in what manner were contracts performed thereon? State particularly the difference between the price paid for metalling said road or any portion thereof and the actual value of the labor done in that respect. What is the amount of loss the State has, in this respect, sustained?

Answer.

In our opinion L. B. Wilson made an excellent location on turnpike road leading from New Albany to Salem. He superintended the same to the strict terms of the different contracts and specifications in relation thereto. The same may be said of Mr. Wilson, as to the location of the turnpike road leading from Paoli to Mount Pleasant. We know of John Frazier having been discharged as resident engineer from the New Albany and Vincennes turnpike road, by the Board of Internal Improvement, and Mr. Wilson being appointed in his place by said board. As to the metalling of said road leading from New Albany to Paoli, a distance of about forty-one miles, being done agreeably to the

terms of the contract and specifications exhibited at the sale of said work, we would say that such was not the case: the rock not being sufficiently broken, and the required depth not having been put on, the State has paid at least forty thousand dollars for which she has not received the labor as required by the different contracts. In justice to Mr. Wilson allow us to say, that his more immediate attention was called for on the New Albany and Salem road, the Albany and Paoli road being principally superintended by his assistants.

JAMES GALLAUGHER was sworn and presented his answers to the following questions :

Interrogatory No. 1.

Have you known or not any officers connected with the system of internal improvement, having shaved any laborers on the public works, and in what description of paper were they paid ?

Answer.

I am aware of Jno. A. Graham, an officer of the State, purchasing the claims of laborers, paying the same partly in money, but the larger part in goods from his own store.

Interrogatory No. 2.

Who first circulated Gallipolis paper on the line of the public works ?

Answer.

I am fully convinced that Jno. A. Graham was the person that first introduced Gallipolis paper in the southern part of this State.

T. W. GRAHAM returned his answers to the following interrogatories :

Interrogatory No. 16.

Can you furnish to the committee the letter of P. Mason, giving his reasons for not allowing an arbitration ?

Answer.

I have already given Phillip Mason's reasons for not allowing me an arbitration, which have been laid before you in one of my former answers, and now I give you a copy of his letter to me on the subject.

"Indianapolis, July 6th, 1841.

"T. W. GRAHAM :

Dear Sir: The board have received your two letters on the subject of your claims on the Jeffersonville and Crawfordsville road. If any deductions have been made which are improper, that should be allowed, this could be better determined by the examination of a competent engineer on the ground. Can you not suggest some engineer in the State, in whom you can place confidence, to whom you could refer the case? If so, the board would prefer that course, as an arbitration would cost more than the amount you claim, and from the decision that the board have felt constrained to make from the law, you would be bound for at least one half of the costs. It does seem to the board that this case ought to be settled without the cost of an arbitration, which, from former cases, must cost from 2,000 to 3,000 dollars.

Respectfully, &c.,

Signed,

PHILIP MASON."

"N.B. T. A. Morris, the bearer of this, will hand you your draft for damages, in the case for which you gave your receipt at Vernon. Please make to Mr. Morris any suggestions that you may think proper, in relation to the settlement of your case, on the Jeffersonville and Crawfordsville road.

P. MASON."

The suggestions I made to Mr. Morris were, that I wished him to examine the books, and satisfy himself of the amount of reductions made on my work, and which he told me he did, and he and I could not agree as to the reductions.

Interrogatory No. 17.

Had you a sub-contractor by the name of Bower, on the 28th section of Jeffersonville and Crawfordsville road? If so, state whether he did not require the engineer Wilson, and the commissioner Graham to have the amount of his work paid directly to him, and not have it pass through your hands. State also, whether the commissioner did not so order.

Answer.

I had a sub-contractor by the name of Bower, who did require L. B. Wilson to retain his estimate, and not to pay it to me; which he, said Wilson did; and the reason was, that he, said Bower, and I had a quarrel, and of course he, said Bower, did not wish to come to me for settlement.

Interrogatory No. 18.

You state in answer to one of the interrogatories, that Jno. A. Graham gave a draft to one of your men, that was not signed by him, and was not registered by Wilson. Did you see the register, or how do you know it was not registered? State, if you know, how the man got his money for the draft.

Answer.

I stated before in relation to this draft, and I state now, if it was registered by Wilson, I had no knowledge thereof, as all the drafts that were issued, had on the back the name of L. B. Wilson as register, and on the face the name of Jno. A. Graham, and the one here alluded to had neither, which is the reason why I believed it was not registered. I suppose the man got his money at the time of payment, as he told me afterwards.

Interrogatory No. 19.

State if you know of any other case in which any draft was given without being duly signed and registered. If so, name the case and all you may know about it, or have reason to believe, as to the cause for so doing.

Answer.

There has no circumstance of the same nature come under my immediate knowledge, but am very credibly informed by Messrs. R. & H. Stewart, that Wilson gave drafts on the Vincennes and New Albany road for more than the State received value.

JOHN DOWLING being sworn, returned his reply to the following question :

Interrogatory No. 1.

State the nature of your services at any time upon any of the public works. If you acted as agent for any public officer connected with the public works, by whom were you appointed? State the amount of Gallipolis paper you have, as such agent, at any time had in your possession, by whom was said paper furnished you, and for what purpose, and where was it procured? State whether any estimates or other evidences of debt against the State were purchased by you with said paper, or other funds furnished you as such agent. If so, for whom, to what amount, and at what rate?

Answer.

I was employed by Gov. Noble, acting commissioner, on the Cross

cut canal, as his agent in attending to the general superintendence of that work, and in settling with and paying contractors on the same, and, after he was succeeded by Dr. Mason, I was employed eighteen days by that gentleman, in attending to business on the Cross-cut between April 1841, and December 1841.

I also acted as agent for Gov. Noble in making the final settlement with contractors, and taking their relinquishments, as well as in settling with laborers (where the contractor had left the State or proved insolvent) on the following works: The Cross-Cut Canal, the New Albany & Crawfordsville road at Greencastle, the Indianapolis & Lafayette road at Crawfordsville, and the Wabash & Erie Canal at Covington and Terre-Haute. I have not now an exact recollection of the amount of Gallipolis money at any one time in my possession. I very seldom (where I could avoid it) kept any of the public funds in my own possession, preferring generally to have it deposited in bank subject to my draft. In the case of the Gallipolis money, however, (\$8 or \$10,000 of which had been deposited in bank either by the then commissioner, or Gov. Noble, subject to my draft) as the bank refused to disburse it, I was obliged to take a portion of it in my possession; which, however, I deposited with a merchant at Terre-Haute, and drew upon it from time to time, as the drafts in favor of contractors, or authenticated claims for contingencies, were presented to me for payment. The amount so deposited, I think never exceeded 2 or \$3,000. The bank refused to disburse Gallipolis money, for the reason that those who received it at its counter on my check, could not be made to understand why the institution, after having so paid it out, should afterwards refuse to receive it back in payment of debts. Finding the money thus discredited by those who ought to be the best judges of its value, I generally advised those to whom I paid it to get rid of it as soon as possible. The consequence of this and other influences combined, was, that the money soon ceased to be taken except very reluctantly. I requested the bank officers to write to Gov. Noble, and perhaps I may have written myself on the subject. I soon after received a letter from Gov. Noble, requesting me to go to the bank, get the packages of Gallipolis money, and bring them over with me to Indianapolis. I accordingly did so, and I do not exactly remember how many thousand dollars were in the packages, but presume there must have been 5 or \$6,000. I also got \$500 of Gallipolis money from Gov. Noble, at Greencastle, which I paid out there principally on salaries of engineers and other contingencies. I have no idea who deposited the Gallipolis money in our bank, nor do I know where or by whom it was originally procured. I never felt authorized by my own sense of duty, or the instructions received from Gov. Noble, to purchase estimates of contractors, the claims of laborers, or any other evidences of public debt, with Gallipolis or any other public money; nor did I ever speculate in that way with my own private funds, thinking such conduct discreditable and improper on the part of a public agent. The money was employed, for the short time it was current, to pay contractors the amount of their estimates, as well as to pay the contingent claims of every description, including the salaries of engineers, &c.

WM. S. HUBBARD was sworn and replied to the following interrogatories:

Interrogatory No. 1.

Are you a clerk in the fund commissioner's office? If so, state what facts

you know relative to the balance found to be due from Gen. Long, on closing his accounts as a member of the board of internal improvement. State all that the books show relative to this matter.

Answer.

I am clerk in the office of fund commissioner, and as such had charge of the book in said office. In January and February, 1839, Gen. Long drew on the fund commissioners for \$10,500 which drafts were paid. On settlement of his account in November of that year, he was found to have in his possession unexpended the sum of or about \$5,700, which was at that time paid in cash and claims against the State.

Interrogatory No. 2.

State what amount of Gallipolis paper, if any, has been disbursed from your office to contractors and others, and by what means and when the Gallipolis money came into your office.

Answer.

In the month of August, 1839, M. B. Sherwood brought to the office \$75,000 of the paper of the bank of Gallipolis, which was paid over to the board of internal improvement during the months of October, November, December, January and February following, as called for by said board.

Interrogatory No. 3.

State what you know relative to disbursements to contractors made after the passage of the act for the payment of contractors in Treasury notes, and whether any contractors were paid who refused to suspend operations. State all you know of this matter.

Answer.

I know of no contractor having received pay in Treasury notes at the office of fund commissioner, who did not first sign an agreement to suspend or relinquish. On the contrary, I know of cases where contractors were refused payment because of a refusal on their part to sign such an agreement.

Committee then adjourned to the evening of the 12th to meet at 6 o'clock in the Capitol.

J. C. EGGLESTON, *Chairman.*

Committee met agreeably to adjournment in the Capitol at 6 o'clock on the evening of the 12th. All present.

WILLIAM HENDRICKS, Sen., presented his answer to the following interrogatory.

Interrogatory No. 1.

Are you a member of Madison Bond company? If so, please state its objects, its agencies, if any, its operations, and its indebtedness to the State, if so indebted. State all you know. Who were the active partners of said company, and principally had the management of its concerns.

Answer.

In February, 1839, the Legislature by an act for the further construction of the Madison and Indianapolis rail road, appropriated \$400,000 to that work. This was considered a liberal appropriation, and it was believed that the faithful and judicious application of this sum to the road would ensure its completion by the Legislature directly, or by a company, should further appropriations be withheld.

This was the origin of the Madison Bond Company, of which I am a member, and to ensure the beneficial application of this appropriation was *the chief object of the company*. On the 19th October, 1839, the company entered into contract with M. Stapp, and L. H. Scott, the Fund Commissioners, for the bonds in whole or in part at their option. The contract is lengthy, and is supposed to be in the possession of the committee. At the time it was made, it was, in the opinion of the parties to it, practicable to sell bonds in the eastern cities for western currency, such as the contract specified, and such as would answer the purposes of the road; and here I will speak of the *agencies of the company*. Shortly after entering into the contract, the company had one or more meetings, in which they laid down rules for their own guidance, and among other things, they determined that no other than one of themselves should ever be empowered or entrusted to sell bonds. John Woodburn soon went on to New York. The company gave him a written power of attorney to sell bonds. No other person ever had such authority or power from the company. M. Stapp never had, nor did he ever within my knowledge, sell a bond for the company. Soon after Mr. Woodburn arrived at New York, it was found to be impracticable to sell bonds on satisfactory terms, and the contract was about to be entirely abandoned. The Fund Commissioner had delivered no bonds; and it was at our option to go on, or abandon the whole matter. In the mean time General Stapp had sold on account of the State, 180 bonds to the banks of Binghampton, Staten Island, and Seneca, taking their obligations for the amounts, they respectively owed, payable in six instalments, terminating on the first of January, 1841. General Stapp urged the company by letter to take these sales off his hands; but this was declined. He afterwards came home, and on his personal representations of the solvency of the banks, and the certainty of their being punctual, we did take these sales off his hands, for which we have paid very dearly in the insolvency of the Seneca bank.

It will be seen by our original contract, that we were to give two of the moneyed institutions in Madison as security for its fulfilment, on

delivery of the bonds, but no bonds being delivered, this was not done, and when we agreed to take these sales, it was a part of our agreement with Stapp, that the writings obligatory of the bank should remain in his hands, as collateral security, the proceeds of which were to be received by him as Fund Commissioner, and placed to our credit from time to time, as they became due. This was done as reported to us by the Fund Commissioner, and our whole operations and liabilities on our original contract were closed with General Stapp by final settlement and receipt, dated in January, 1841.

Our Seneca business resulted in great loss to us; for of the \$40,000 they owed, and for which we were liable, and all of which we have paid to the State, they have paid but \$12,000; the residue is a clear loss, so far, to the company, and we fear will so remain. In connexion with this part of my answer, on the subject of agencies, I will add, that, at our request, General Stapp went to the Seneca Bank, and corresponded with it, and finally brought suit against it, for which services we expect to pay him; but these, as far as I know and believe, are all the services he ever performed for us in this affair, and much of this had been done since he ceased to be Fund Commissioner. We never considered him our agent; but I state the facts, and others may judge of their legal import. That he should receive the money from those banks, and credit us with the same, was a part of our contract with him as Fund Commissioner. It was not intended that the money should ever come into our hands, and no part of it ever did, as far as I know. That *he* as agent of the State, should be satisfied, and *we* credited, was to be a fulfilment of our contract; and here it ought to be kept in mind, that the whole of this loss would have fallen on the State, if the company had not stepped in, and that we ask no remuneration for this loss. But we do complain, that we have to sustain the trouble and expense of a law suit, which the present Fund Commissioner has recently brought against us, in consequence of failure of the banks of Binghampton and Staten Island, to make residuary payments, in cases where the Fund Commissioner had given us credits more than a year ago, at a time when those banks were reported entirely solvent, and after he had, as agent of the State, without our knowledge or consent, made a new contract with them, giving them further time on their stipulation to pay him eastern instead of western funds, (see Stapp's recent report.) Another consideration which makes this course seem more oppressive on the part of the present Fund Commissioner, is, that in the opinion of the same Fund Commissioner, as I am informed, the assets, under his control, of the Staten Island Bank, are more than sufficient to purchase up bonds to cover at their face the whole amount in both cases. The operations of the company I will proceed to state, as far as they are known to me. In the spring of 1840, no bonds had been sold by the company, nor for it, nor was any part of the \$400,000 appropriation applicable even in prospect for the road, other than the proceeds of the 180 bonds before referred to; and as these proceeds were receivable in six instalments, terminating the 1st January 1841, there did not appear to be good

prospects of the road going rapidly forward that year. Under these circumstances, it was thought that the contractors, rather than relinquish their contracts, would receive part pay in bonds. Accordingly, on the suggestion of General Stapp, then Fund Commissioner, some of the company conversed with as many of the contractors as they could see on the subject of receiving a part of their pay in State bonds. They felt authorised by General Stapp to receive from the contractors propositions, and did receive from five of them, the following propositions, to-wit: "We the undersigned, contractors on the Madison and Indianapolis Railroad, do hereby propose to John Woodburn, V. & J. King, George W. Leonard, & W. Hendricks, that we will go on and finish the sections designated by our contracts, and agreeably to said contracts, and receive from the Fund Commissioner therefor, or from you, should you become their paying agents for the work hereafter done, one third in current bank paper, and two thirds in Indiana state bonds at par. For the work heretofore done we understand we are to be paid by said commissioners in treasury notes. It is understood, that as soon as your arrangements are made to go on with the work, this proposition is to be binding on us,

April 23, 1840.

All other contractors, as far as I know, with the exception of one temporary arrangement in a single instance, declined making any propositions or arrangements, but they generally went on with their work, being paid afterwards, as far as they were paid that year, by John King and the fund commissioner himself, said fund commissioner delivering bonds to the company as far as bonds were needed in such payments. The first payment to contractors, on the principle of part bonds and part money, was made, as I am informed on the 24th October, 1840, and here I would state that, during the spring of 1840, I think about the last of May or first of June, a pretty large payment in Treasury notes was made at Vernon, to the contractors, for work done previously to that year, as I understood it, and with which the company had nothing to do as I believe. It was during this year that the company chiefly sustained its loss in the Seneca bank affair, and a portion of its operations was buying up 20 State bonds at 75 cents on the dollar, and the employment of other means to enable it to meet and pay that loss, which was accomplished on final settlement with Gen. Stapp in Jan. 1841, at which final settlement, the contract was cancelled, and the bond given up to the company, and these 20 bonds, as far as I know, or have been informed or believe, are the only bonds ever purchased up by the Madison company, or for them. Then the operations upon our contract were entirely at an end and our accounts with the State settled and paid. In the spring of 1841, a new series of operations commenced. On the 5th of March of that year, N. Noble had been made fund commissioner, and was at Madison on his way to N. York. He had previously been on the board of internal improvement and seemed anxious for the continuance and progress of the road. He had a meeting with the bond company, and had been informed also of the company's settlement with Stapp. He was informed by the company on that occasion, that they refused longer to continue the contract. He said he could not under the existing laws move without the use of their name. That he could not sell bonds, but that he could deliver them to us to be paid out on the road, on the

principle of its progress during the previous year. The reason we had refused longer to continue the contract, and notified him of that determination, was, the great losses we had sustained, the previous year, the impossibility, in our opinion, of selling bonds for money, and the fact that money would be needed if the work progressed. He, however, made out a paper and signed it, stipulating "that the bonds were to be prepared and delivered to the parties from time to time, as the progress of the work might require, and to no greater extent. This paper, even if the company had signed it, did not require us to furnish any money. The money part he expected, as I believe, to get by replacing to the road, either through Stapp or by himself, moneys which properly belonged to the road, but which Gen. Stapp was understood to have directed to the purpose of paying interest. A copy of this paper, I am informed is before the committee, and I wish it to be considered in connexion with my testimony. Mr. John King was the paying agent of the fund commissioners both Stapp and Noble, and as such, he acted in a capacity separate and distinct from the bond company. He acted under their written authority as fund commissioners.

As to the indebtedness of this company to the State, I can say, that on settlement with Gen. Stapp as fund commissioner, before alluded to, the company settled with him in full, and obtained his final receipt. Respecting the operations since that time, or since Gov. Noble became fund commissioner, I am informed by Mr. King, who has kept the accounts of the company, that between his settlement of them and Gov. Noble's, there is a difference of but 2 cents, but he understands from Gov. Noble's report that he has not given the company credit for all the drafts and estimates he has delivered to him, though he holds his receipts, therefor. On this point of indebtedness, I do not allude to, or include the Newburyport transaction, which is separate and distinct from the original contract, and has nothing to do, as I suppose, with the railroad. It is one which we intend shall be faithfully fulfilled.

I am asked in conclusion who were the active partners of this company and principally had the management of its concerns. To this I reply, that John King, John Woodburn, and G. W. Leonard, in the order in which I have given their names, were in my opinion the most active partners of the company, and that I have been the least active of its members.

In conclusion, I beg leave to say that the foregoing statements, as far as they come within my own knowledge, are true, and as far as they are derived from the information of others, I believe them to be true.

W. J. McCLURE was sworn and presented his answers to the following questions:

Interrogatory No. 1.

What agency had you in the circulation of Gallipolis paper, for whom were you agent, and what agency had M. Stapp and N. Noble in circulating said money?

Answer.

I was employed by Wm. Hendricks, jr. Secretary of Madison Savings Institution, to purchase Indiana \$50 Treasury notes, and was furnished by him at different times with Gallipolis paper, amounting to something near \$30,000,

a large portion of which passed from me into the hands of a broker in Cincinnati, who was said to be the agent of the Gallipolis bank, for which I received Indiana, Illinois, and Kentucky bank notes, with which I purchased something over \$20,000 of \$50 Treasury notes; the balance of said funds, after deducting commissions and expenses, together with the Treasury notes were handed by me to Wm. Hendricks, jr. I had nothing to do with Stapp or Noble in the above transactions.

Interrogatory No. 2.

Did you act as the agent of either of those persons or of the Madison bond company in said matter?

Answer.

I did not.

Interrogatory No. 3.

How many Treasury notes did you buy up with Gallipolis paper for the Madison bond company, or for either of the fund commissioners.

Answer.

I purchased no other Treasury notes than those named above, and never acted as agent for any fund commissioner or for the bond company in any operations whatever.

JOHN KING submitted his answer to the following question.

Interrogatory No. 21.

State if you know whether J. H. Hendricks was indebted to V. & J. King in the summer of 1840, when Hendricks received the \$17,039 on fictitious drafts.

Answer.

J. H. Hendricks or his father, or both of them, were at the time alluded to, indebted either to V. & J. King, or Kings, Reid, and Hendricks. At the time alluded to, the books &c. of the company of Kings, Reid, & Hendricks were in the possession of V. & J. King, and had the claims been paid, it would have enured to V. & J. King. At the settlement of the concern of Kings, Reid, & Hendricks, the Hendricks' claim was given to said Kings. This settlement I think took place in the summer of 1840.

A. HENDRICKS presented his answers to the following interrogatories:

Interrogatory No. 11.

State if the complaints you prefer against Beckwith are because of over or under estimates. State further if you do not know that complaints of under estimates were not very frequently made against engineers. State further if under estimates made during the progress of a job would not all be removed upon completion of the job, and full estimates and allowances be made them.

Answer.

In my answer to No. 5, the committee will discover that I have distinctly complained of nine under and eight over estimates. The nine under estimates were to oppress, and the eight over were to cloak over that oppression, and prepare for the investigation, which afterwards took place, as I infer. Complaints were frequently made against engineers for under estimates, and I presume it is the case on all lines of public work. Many contractors, owing to their want of industry, suffer themselves to become embarrassed, and then, for want of principle, try to saddle the cause of their embarrassments on engineers. The third and last division of this question I cannot answer more clearly than I have done in answer No. 9. If I have there stated the truth relative to the profile, and if the figure there used illustrative of the case be fairly understood, then at our final estimate we must have suffered a loss in proportion to the false notes and levels set forth in that profile. In closing this answer I will simply observe that a profile setting forth the true surface and the final quantities would secure the contractor all his just claim if he had never drawn an estimate at all; yet a contractor might be crushed during the progress of the job, and he left like a drowning man, who swam nobly but was not able quite to reach the shore.

Interrogatory No. 12.

State whether you did not know that the payments made you by Mr. Noble, which you say were illegal, were illegal at the time you received the same. If so, state by what authority you justified yourself in receiving money belonging to the State contrary to law?

Answer.

At the time my son received the payment alluded to I believe I had never seen the law alluded to, and I do not believe that I ought to be at all blamed for receiving our honest earnings when offered us, we having pushed the work for eleven months with but very little aid from the State. The contract had been violated on the part of the State repeatedly. When we could get our estimates paid by the State we took our money, and when we could not we used our own if we had any, and if we had none we used our credit, all the time pressing the work diligently. The committee will please refer to my answer to the third division of No. 10, and there observe that I al-

luded to contractors in general on that line of work, and not to myself as an individual.

T. A. MORRIS returned his answers to the following interrogatories:

Interrogatory No. 8.

State what you know of the settlement made with Jos. H. Hendricks, contractor on the railroad, in July, 1840. Whether you were the officer with whom the settlement was made? In that settlement did you deviate from rule or law observed in settlements made by you with contractors on the railroad or elsewhere? In all settlements made on the works by you, have the contractors distributed the amounts at pleasure to whom they please under the law? Did Mr. Hendricks, at the time, give his own list of names to fill in the drafts, and did you use any others than those he directed you to use? Did he speak of the names thus given as persons to whom he owed money, and did he sign receipts for the amount divided among them, stating it as money paid or due to creditors or claimants? Do you know any or all of the persons named? and if so, do they reside in Madison? Did N. Noble take any direction in the settlement you made, or had you any reason to believe he saw the names used in filling the drafts until after they were filled up by you, as he directed, and presented for my signature? After you had closed the settlement, and Noble had seen the amount falling due and the amount set apart for creditors, do you know whether he expressed surprise at the amount said to be due creditors? and did Hendricks try to remove his doubts? Are you and have you been familiar with the signature of J. H. Hendricks? If so, was the letter marked A, notifying Noble of his wish to settle, mailed at Madison, written by him?

A

"MADISON, 22 June, 1840.

"GOV. NOBLE,

"Dear sir:—Our hands have all turned out, *to a man*, for four or six dollars more wages in the month. We are doing nothing, and can do nothing until we get funds to pay off and dismiss all the leading ones. A turn out we will never yield to. The work must not lay still; therefore please name the earliest day that we may come out and get our funds.

"Truly your friends,

"A. HENDRICKS & SON."

Answer.

I made a settlement with J. H. Hendricks about the time mentioned. In that settlement I did not deviate from the rules by which I was governed in other similar settlements. It was the practice, in all such

settlements made by me, to issue drafts first, for all due bills filed against the contractor for labor, &c.; then for all notes of hand or accounts or claims filed, which the contractor was willing to pay; also to issue draughts on the application of the contractor, to pay claims against him which had not been filed, and which he desired to pay in this manner.

Mr. Hendricks gave me the names, I think, upon a small piece of paper, which, I think, also contained the amount to be paid to each name. If the amount was not on the paper handed me he stated to me how much to issue drafts for to the names so given, and no other names or amounts were used than those dictated by him. Mr. Hendricks spoke of owing large amounts on account of his work, and, as I understood at the time, he gave me the amounts for the drafts, not as the precise amount due each individual, but as a probable sum due for claims. Mr. Hendricks did sign receipts, which stated they were for drafts given on account of claims. All of the persons in whose names drafts were issued, I believe, were then engaged in business in Madison. Gov. Noble took no direction of the settlement, nor do I believe that he ever saw the names used in filling the drafts until the drafts were presented for his signature. I do recollect of his making some observation to Mr. Hendricks about the amount of claims being so large at which, I think, Hendricks enumerated various sources of expense for the work, and among others, I think, mentioned his powder bill.

I have seen J. H. Hendricks's signature frequently and have no doubt that the letter marked A, signed "A. Hendricks & Son," was written by him.

Interrogatory No. 9.

Mr. Morris stated in his reply to foregoing interrogatory, that his payments to Hendricks were in accordance with rules fixed by himself, Morris. State whether those rules were or were not conflicting with the law of 1840, by which all the works were suspended?

Answer.

I do *not* state in my reply to interrogatory No. 8, that the rules I observed in settlements with contractors were fixed by myself.

Those rules did not conflict with the law allowing such settlements in my opinion.

"NOTICE TO CONTRACTORS.

"Under the authority of two joint resolutions of the present General Assembly, the Board has directed the acting commissioner to '*settle up in full with the Contractors of the State,*' at the contract prices, including the ten per cent. heretofore reserved, and any other item (such as extra work) for which they may be entitled to pay, and to give to

said contractors, each, a certificate for the amount due, bearing interest at the rate of six per cent. But as the certificates that may be given will be transferrable, and as many of the contractors are not citizens, and may wish to leave the State, for the security of laborers and all others having claims upon them, the commissioner is authorised to withhold, for their benefit, all adjusted demands that may be presented for that purpose. To enable the commissioner to carry into effect the provisions of the enactments alluded to, the Resident Engineers will prepare all the estimates in season, and to hasten the final adjustment of all the claims contemplated, *it will be well for the contractors to furnish an abstract of all debts due to laborers, farmers, merchants, and others, which they may wish to settle in the manner provided for by law.*"

[The above extract from printed notices or handbills, dated January, 1840, that were laid before the committee, but not embodied in the testimony, is entered at the particular request of N. Noble, to shew, that according to public notice, each contractor had a right to draw his money in such names as he pleased, as was done by Mr. Hendricks. But, as this extract was not offered as testimony before the committee's proceedings were closed, it is not to be taken as testimony published under the sanction of the committee.]

HAUS & HILLIS being sworn submitted their joint answers to the following questions.

Interrogatory No. 1.

Were you contractors on the Madison & Indianapolis railroad? State whom you made your contract with; and the nature of it, and what you were paid in, when, how, and by whom you were paid.

Answer.

We were contractors on the Madison & Indianapolis railroad. We entered into contract with P. Mason, acting commissioner, April 16, 1841, to furnish materials and to lay the track, from the head of the inclined plane on the hill, to West street, in the town of Madison, for which we were to be paid by Messrs. Woodburn, King & Co. in 5 per cent State bonds, for the State of Indiana, at 88 cents per dollar. We were to receive for oak mud sills 10 by 10 inches square at least 15 feet long, 12 1-2 cents per running foot. For oak string pieces, 6 by 8 inches square at least 15 feet long, 7 1-2 cents per running foot. We were to receive for laying the track 87 1-2 cts. per yard in length of the road. For excavating ditches and trenches 25 cts. per cub. yard. For excavating solid rock trenches \$3 per cub. yard. For locust pins \$1,56 per hundred. For oak wedges \$1,75 per hundred. We received from John King at different times in payment six 5 per cent bonds at 88 cents to the dollar, who signed himself agent for N. Noble, fund commissioner.

By our urgent solicitations Gen. Stapp accommodated us by exchanging with us \$50 Treasury notes for about \$4,100 of estimates, we allowing him the interest thereon. The following is the substance of an arrangement we

made with John King: He, John King, was to take our last estimate at \$580 in \$50 Treasury notes for \$1,000 of estimates, and if the estimate, when made out, amounted to more than \$1,000, King was to take it and allow at the same rate for the excess. It did amount to some little over the \$1,000, and he consequently paid the addition as agreed, it only being a few dollars over.

Interrogatory No. 2.

If you know of any buying up of the estimates or claims of contractors by any officer of State, or the bond company, or any member thereof, or agent of any of them, state all you know about the matter.

Answer.

We know of none.

Interrogatory No. 3.

State any corruptions or mal-practices, or violations of law by any of the officers or agents of the State within your knowledge.

Answer.

We recollect of none.

Interrogatory No. 4.

How would these payments have compared with the cash prices for the work and materials mentioned in your answer?

Answer.

We suppose we would have made a difference of about 20 or 25 per cent.

HUGH STEWART answered to the following interrogatories:

Interrogatory No. 1.

State what is the character of the location of the Vincennes road from N. Albany to Paoli; whether it is a good or a bad location; whether it is as good as the nature of the ground would allow, and if not, what are the difficulties. State if you know who was the resident engineer when said location was made. Also state whether the location west of Paoli and also on the Salem road are good or bad locations, and who made them.

Interrogatory No. 2.

State also what you know of the manner of grading the road east of Paoli, whether embankments were not made on the top of the ridges crossed by the road, instead of cutting them down, and also who was the resident engineer on said road when the grading was done.

Answer.

The location of turnpike road leading from New Albany to Paoli is a bad one. It is not so good as the nature of the ground would have admitted, even at a much smaller cost. In a great many places on said road, where cutting ought to have been done, embankment is made, and a great many places which ought to have been carried around hills, extend over the tops of them. The location was made principally, before I came to the State, but I believe was made by Jno. G. Clendenin, and John Frazer. The final location west of Paoli, as well as the final location on the Salem road, are both of them good. I believe Mr. Wilson located both of them.

In justice to John Frazer, allow me to state, that John G. Clendenin assumed the entire control of the engineer party, in running experimental lines from Paoli to Mount Pleasant, at the time John Frazer was resident engineer on said line.

Interrogatory No. 3.

What time were you in Philadelphia endeavoring to obtain money on a draft of Drew & Robinson? from whom did you receive the draft? did you get it cashed in Philadelphia on the first trial? If not, what was the reason? State all you know relative to the character borne by Nelson Robinson, and M. B. Sherwood at that time. State all the operations and conversations which came under your observation at any time between the fund commissioner and said Sherwood & Robinson or either of them.

Answer.

I went to New York about the last of Dec. 1840. My object was to dispose of some 20 Indiana State bonds. On my arrival I went to Gen. Stapp, our fund commissioner to take his advice, and get his assistance to dispose of said bonds to the best advantage. After consulting with him, he advised me to dispose of said bonds to M. B. Sherwood for Gallipolis paper, stating that I could get more from Sherwood than any other person in New York, and that Gallipolis paper would answer my purposes, as I intended to disburse it in Indiana. I objected to take Gallipolis paper, and stated as my reason, that I did not believe the bank solvent, for I understood the bank was endeavoring to circulate all the paper she possibly could, exchanging it for Illinois scrip and Indiana Treasury notes, and that at a time when the Pennsylvania banks had just resumed specie payments, and the Ohio banks of course would soon follow, and therefore I thought the Gallipolis banks never intended to redeem their paper. Gen. Stapp then referred me to the report of the directory, and to their standing. I told him it all appeared very fair, but I knew enough about business to believe that something was wrong. He then stated to me that he would guaranty it to the first of May, and that it would buy salt in Madison. I still did not accept the offer, but after remaining in N. York about eight days, and finding bonds falling, I agreed to let him have ten bonds, but I would not give him the bonds until I got the money, and until I knew that I could part with the Gallipolis money without a loss. Gen. Stapp then stated that there was Gallipolis paper in Madison, and that he would give me an order, which, by presenting and leaving the bonds, I could get the money. To this I assented. Before I got to Madison, the bank had exploded. I

herewith append the original order. Before I left New York, I stated to Stapp, that I would need about \$2,000, as I had some debts to pay in Philadelphia, and I would thank him to dispose of three or four bonds for me; to this he consented. He disposed of them to Drew, Robinson & Co., paid me I believe \$200 in cash, and gave me Drew, Robinson & Co's. draft for the balance, on a bank in New York, at I believe, five days sight. I endeavored to dispose of the draft in Philadelphia, but could not. I then went to a merchant that I was dealing with, and got him to go with me to dispose of it. We offered it to several brokers in Philadelphia, but could not, until it came to maturity. The brokers gave it for their reason that the firm of Drew, Robinson & Co were men of doubtful character. I therefore left it with a merchant with instructions that if the draft was paid at maturity, to retain his account, and send me a draft for the balance. It gives me pleasure to state that said draft was paid at maturity. I heard nothing said against the character or standing of Drew, Robinson & Co. while in N. York, nor did I inquire, but I cannot say the same of Sherwood. I heard it asserted by several that he was a designing and intriguing man, and would take the advantage whenever he could get it. The men that made these statements were brokers and strangers to me. As the committee request me to state the conversation that took place in my presence between Sherwood and Stapp, I will say that I do not remember much of the conversation. There was one subject, however, that took my attention. as being a new mode of making money. It was this. It appeared from the conversation that one of the Illinois commissioners sold Sherwood \$100,000 in Illinois State bonds, for \$100,000 in Gallipolis paper, said Illinois commissioner agreeing to take the Gallipolis paper to Illinois, and purchase State scrip, keep 1-2 the profits and give the other 1-2 to Sherwood, but it appeared when the commissioner returned to Illinois he reported to the Governor that he had sold the bonds at par, and for cash. Sherwood appeared very much displeased with the commissioner, and Gen. Stapp remarked to Sherwood in a jocular manner, that the Illinois commissioner was a rascal and that he had chiseled Sherwood out of from 15 to \$20,000, and that if he were Sherwood, he would hold him to his contract, for he understood there was a distinct agreement between them.

"NEW YORK, Jan. 5th, 1841:

"WM. HENDRICKS, JR. SIR:

On Mr. Hugh Stewart delivering to you ten Madison railroad bonds of \$1,000 each (\$10,000,) you will pay to him \$7,925 in Gallipolis money, charge the money to Sherwood, and keep the bonds for his use; the July, 1841 coupons to be on, the Jan. 1841 coupons off.

MILTON STAPP."

ROBERT STEWART presented his answers to the following questions:

Interrogatory No. 1.

Are you acquainted with the country between Mt. Pleasant and Paoli? If so, state whether it is level or hilly. State also, who made the location of the New Albany & Vincennes road through it, and whether you consider the location a good or a bad one.

Answer.

I am acquainted with the country. It is very hilly. Mr. Wilson made the location, and I consider it a good one.

Interrogatory No. 2.

Is the country between Paoli and New Albany as hilly as the country west of Paoli? Is the location of the road between these towns a good or a bad one? State who made this location.

Answer.

The country between Albany and Paoli is not so hilly as that leading from Paoli to Mt. Pleasant. The location of the road from Albany to Paoli is a bad one. The location of said road was principally made before I came to the State, but I believe was made by Clendenin and Frazer.

T. W. GRAHAM answered the following interrogatory:

Interrogatory No. 20.

Have you made any late applications to the board of internal improvement for an adjustment of your suspended claim? If so, state all the particulars, to whom, and what was the result.

Answer.

I made application to J. L. Williams, one of the members of the board of internal improvement, a short time since, and stated to him that as he, said Williams had said to me since my arrival here, that my claim ought to be settled, and in reply I stated, that if he would meet me at his office and cancel the books and accounts that were kept for me that I would satisfy him of the facts of my claim, if all the books were in his office, that were at Salem; and further I stated, if I failed to do so, I was willing to acknowledge that there was nothing coming to me, which Williams refused to do.

Dr. Coe requested the following correspondence between himself and Mr. Lucius H. Scott, together with the history of the sale of \$100,000 Lawrenceburgh & Indianapolis railroad bonds in 1836, to be placed on record.

"INDIANAPOLIS, June 11, 1840.

"L. H. SCOTT, ESQ. DEAR SIR:

I have this week received a very extraordinary letter from Mr. Merrill, in which among other things he writes "when I arrived in New York, in Aug., I was mortified and disappointed that instead of trying to aid me in securing the money due from the Morris Canal & Banking Company, you appeared much more their advocate than that of the State."

From the tenor of his letter and other circumstances, I am led to believe he is about endeavoring in some way to clear himself from the odium and responsibility of the million loan by throwing it upon me. It has been unpleasant to me, and doubtless to us all, that we were officially thrown into a position when, in times of extreme embarrassment, it became our duty to endeavor to effect large loans on the credit of a new and comparatively unknown State. That the negotiations generally, from the first loans by Messrs. Linton, M'Carty, and Sullivan, to those of the last board, were as successful as they were, under the pressure of the money market, compared with those of other new States, has always gratified me; that they were not better has of course, to us all, been matter of regret; but I trust I have never manifested a disposition to avoid, or throw upon others, any responsibility, which might justly be attached to me; and that the bearing of those with whom I have been connected, has been of the most honorable character. I have felt as a source of much gratification, and particularly your manly defence of the necessity of my stay in New York, made at a time when I was so much and unjustly abused, and which appears in strong contrast with the course pursued by Mr. Merrill. Had he, relying on my favorable opinion of the Morris Canal and Banking Company, (held I believe in common with all my previous colleagues,) closed the optional contract, I have obtained for him without going to New York, he might, with more color of justice, have thrown its responsibility on me. But after going to New York, at the expense of the State, expressly, as he stated, to examine and enquire for himself, letting the time elapse in which that contract might be closed, to make that examination, and then concluding a different contract, I see not why any responsibility on that account should be thrown on me, and especially when he, after satisfying himself respecting the solvency of the Morris Canal and Banking Company, (as I then supposed, to make the necessity of his visit to New York apparent, and attach all the credit of the loan to himself) rejected entirely my aid, and even prohibited my being present, when the contract was concluded, and pursuing the same course when he came to secure the loan, never asking that aid from me which he was continually soliciting from yourself and others, and which his previous intimations prevented my volunteering directly. After this course, I say it much surprised me, that Mr. Merrill can reconcile it to his own sense of justice, to attempt to throw on me the responsibility of an unfortunate loan, or blame me as he does, for not aiding him to secure it; and it does seem to me he can only be emboldened to expect success, from my present unpopularity, and the silence with which I have borne other unjust aspersions; for conscious of the faithfulness with which, to the best of my ability, I have served the State, I have felt disposed to leave the event with that overruling Providence which orders all events for the best. It may or may not be my duty to reply to these reflections of his, but I trust you will not hesitate to give me such evidence of what you think truth and justice demand to be said in the matter, as may enable me, if necessary, to exhibit things as they

really were. I know no reason why my reputation, although never a seeker of popularity, should not be as much entitled to the protection of truth as any other, and no other protection would I desire. My object in this is, to obtain a statement from you of the circumstances attending the business, with the progress of which you were intimately acquainted, and which I may be permitted to use in any way which may be necessary; and to draw your attention to the points which seem to me of most importance, I have taken the liberty to put them in the form of questions; and you will therefore do me a favor, by stating, whether you were not intimately acquainted, both with Mr. Merrill's making the loan, and his attempt in August to secure it. Whether Mr. Merrill, instead of relying on my opinion of the solvency of the Morris Canal and Banking Company, did not himself carefully examine into the situation of the institution, and extensively enquire of others on the subject; whether you did not understand at the time, that he requested me not to be present when the negotiation for the loan was going on; whether, when attempting in August to secure the debt, he was not so careful not to accept my aid, as never, to your knowledge, in his numerous interviews with the Morris company to invite me to be present, although General Stapp, Mr. Fitch, and yourself, were all boarding together, were usually asked and part or all, accompanied him; whether, after being invited not to be present, I could with propriety have intruded myself into the party, without his invitation, or otherwise proposed directly to aid, without some intimation that such aid would be acceptable. Do you know or believe I did any thing to interfere, in any manner, with his exertions to obtain the best security possible? Did you notice in me any improper advocacy of the bank, or any thing of that nature, calculated in any manner to injure the interests of the State, or embarrass Mr. Merrill in obtaining security? Whether, notwithstanding Mr. Merrill's course to me, which prevented my intruding myself on him, I did not manifest every anxiety both before and after Mr. Merrill's arrival that the debt should be secured; whether, I did not frequently make suggestions to you to aid Mr. Merrill; whether you have not reason to believe that I strongly urged on the Morris company, the importance to their own interests and credit of securing that debt to the State; whether my being in New York, was any injury or embarrassment to Mr. Merrill in making or securing the loan.

As Mr. Merrill has made it a charge against me that he has heard that I attended to business for myself in New York, I would enquire, whether you considered my engagement with the commissioners, after the expiration of the office, or even before, such as precluded my attending to any private business, when it did not interfere with the business of the State, and whether I did not faithfully attend to the business of the State without letting any private business interfere with it, to your knowledge; whether I ever, to your knowledge or belief, used any of the funds of the State for my private use, and whether had I so done, either when a commissioner or afterwards, it must not have been known to the board, at least on every semi-

annual rendering of the accounts, where the funds were due or on deposit. I regret to put you to this trouble, but knowing you will not deny what the humblest is always entitled to, I must request of you a reply as early as practicable.

With much esteem, yours truly,

ISAAC COE.

REPLY.

" TERRE HAUTE, 15 June, '40.

" Dear Sir:

" YOUR favor of the twelfth instant was taken from the post office on yesterday, and, agreeably to your request, I hasten to reply to it.

" It has ever been most painful to me to be called upon when mutual friends are involved in any difficulty or misunderstanding, and nothing but sense of duty could lead me to give my opinion, when that opinion could be either misunderstood, or cause the slightest displeasure on the part of any friend for whom I entertained the esteem and sincere respect I have ever felt for both yourself and Mr. Merrill.

" In order to render my reply more concise and easy to be understood, I have numbered your interrogatories in the order they stand, from 1 to 13 inclusive, and will proceed briefly to reply to them.

" Nos. 1, 2, and 3 relate to the circumstance of making the loan, which I could know nothing of, except from others, as the loan was concluded before my arrival in New York; and you may recollect Mr. Merrill left for Vermont, with his daughter, the day I arrived; and as I was at Newark with Gen. Stapp, on his return, he left with you a note for me, but I did not see him afterwards until his return, in August.

" No. 4.

" In reply to this question I would remark, that I do not recollect Mr. Merrill to have invited you to attend the interviews had with the officers of the Morris Company, nor did I hear him object to your being thus present. The subject was frequently and earnestly discussed in our rooms at Bunker's. Whether you were *generally* present I do not recollect, but sometimes you were, I think.

" No. 5.

" If you were *invited not to be* present, I do not see that you could, with propriety, intrude either yourself or advice upon him.

" No. 6.

" I do not know or believe that you did any thing to interfere in any manner with his exertions to obtain the best security possible.

"No. 7.

"I did not notice any thing in you that I thought an improper advocacy of the Morris Company. There was, at one time, some difference of opinion between Mr. Merrill, Mr. Fitch, and myself, in regard to the policy of taking strong measures; Mr. Fitch and myself thinking a conciliatory course, under the circumstances, most advisable, in which opinion I think you concurred. I am not now prepared to say that the course indicated by Mr. Merrill might not have been the best, but am satisfied we all had but one wish in relation to it, which was to secure the debt if possible.

"No. 8.

"I do believe you were truly anxious that all the debts of the State against that institution and *all others* should be secured.

"No. 9.

"You did frequently make suggestions to me having in view that object.

"No. 10.

"I have reason to believe that you urged upon Mr. Biddle, the President, and perhaps some of the directors, the importance to the institution as well as to the State, of securing our demands.

"No. 11.

"I do not know of any impropriety in your attending to any matters of private business while acting as the secretary of our board, and,

"No. 12.

"I am not conscious that the business of the State ever suffered from that cause.

"No. 13.

"I do not know or believe that you ever used the funds of the State for private purposes; and think if it had been so to any extent, it must have been found out at the semi-annual rendering of the accounts of the board.

"Very truly yours,

"L. H. SCOTT."

"Dr. Isaac Coe, Indianapolis."

The above is, I believe, a correct copy of the correspondence be-

tween Mr. Scott and myself; and all that I then stated I believe true, except that I then thought Mr. Scott was present in New York when the bank loan was concluded, which was a mistake, it being Gen. Stapp instead of Mr. Scott, who was present, as I became convinced on receiving Mr. Scott's reply.

SALE OF ONE HUNDRED THOUSAND DOLLARS LAWRENCEBURGH AND INDIANAPOLIS RAILROAD BONDS IN 1836.

Some time in the early part of October, 1836, Mr. Tousey arrived in New York with an order, I think, from the Treasurer of State, for one hundred thousand dollars of the bonds authorised by law to be issued for the Lawrenceburgh and Indianapolis railroad. I had been lying sick at Newark from, I think, the 29th Sept., when I returned from a very fatiguing journey by land to Indiana, to procure Mr. Sullivan's signature to upwards of three hundred thousand dollars in state bonds, including those for the Lawrenceburgh and Indianapolis railroad. After a few days Mr. Tousey found me, and so strongly urged the necessity of the company, that, feeble as I was, I went into New York to sign the bonds and coupons, and aid him in the sale, in attempting which he had been, as he said, unsuccessful. With some difficulty I succeeded in effecting a sale to Thos. Biddle & Co. and the Morris Canal and Banking Company, on the 8th October, the day, I think, that I went into New York. The terms of sale were, that Thos Biddle & Co. should give their draft, accepted by the Morris Canal and Banking Company, for one hundred thousand dollars, payable the first May next, and that they should pay the interest which accrued on the bonds from their date until the first May. For making this sale I charged nothing, although I believe I obtained several thousand dollars more for the bonds than Mr. Tousey could have done at that time. Mr. Tousey assisted in numbering the bonds and coupons, and I signed the bonds and coupons as fast as my health would admit, and on the 13th October they were all completed and delivered to the Morris Company, as the receipt of its President in the office will shew, and on the seventeenth I received the acceptance of the Morris Company of Thos. Biddle & Co.'s draft for one hundred thousand dollars, payable the first of May. Whether this was delivered to Mr. Tousey or not I cannot now say: probably not, as from the time of the sale he had been, as he stated to me, unsuccessfully endeavouring to get the draft he was to receive discounted; and requesting my aid, I went with him to how many places I cannot now recollect, but remember particularly going with him to the Bank of America, where the Morris company then kept their deposits.

There was at that time a great pressure in the money market arising, as I was told, from the large drafts the Secretary of the U. S. Treasury was then making on the deposite banks in N. York in favor of the several States for the surplus revenue then distributing. While standing on the steps of the bank of America at which our application had been unsuccessful, Mr. Tousey stated the absolute necessity of the company's having the money,

and as there appeared no prospect of getting it from the banks, the only other chance in New York was to get it from brokers, whose rates then were, I think, about 3 per cent a month. He then observed he would be willing to give at the rate of 12 per cent. to get it discounted. It then struck me that it might probably be had of the Cohens of Baltimore, who were then doing an extensive banking business, and I named it to him, stating that I thought it might be had of them at a discount not exceeding 10 per cent. He stated his willingness to pay me that, if I could obtain it and that he would consider it quite a favor, or words to that effect. I accordingly wrote to the Messrs. Cohens offering more than regular bank interest, but something less than 10 per cent, to discount it, and one of them came to New York, and agreed to my proposition, on condition the greater part was paid by a check on their bank in Baltimore, to which Mr. Tousey acceded, I having brought them together for that purpose. I do not now recollect any stipulation being made, that any part should be taken in the Cohens' paper, although such may have been the arrangement, as the paper of the Cohens was there, in as good credit as any Baltimore paper. I should here close but that I am informed suggestions have been made, that the debt at that time owing from the Cohens to the State, was, on account of the discount, allowed to lie in their hands when it would, otherwise, have been drawn out. I am happy to say that the books of the fund commissioners will conclusively show that this was not the case. Of the \$100,000 due from them on account of the Wabash & Erie canal fund, upwards of \$99,000 was drawn out of their hands before the close of the January following, and out of the debt due from them on account of the internal improvement fund, every dollar expended on the public works was drawn until their failure, except one draft of \$10,000 drawn without my knowledge by Mr. Sullivan in favor of Gen. Long, and the interest due on the State bonds on the 1st January, which was payable at the Merchant's bank, was also drawn from the Cohens, the Morris company paying the interest due from them on the bonds sold them, at their own counter. As this money was not needed and could not be used for the public works, it could only have been drawn from the Cohens, where it drew 5 1-2 per cent interest, to be placed in some other bank where it would have drawn less, the Merchants' bank, where our previous deposits had been made, paying only 4 per cent, while some other banks, as bank of America, would pay no interest on deposits, so that while the money was considered safe, it was not the interest of the State to remove it, and whether it was so considered my two colleagues Messrs. Sullivan, and Hanna, can say.

Committee then adjourned, to meet in the Capitol on the evening of the 13th at the hour of six.

J. C. EGGLESTON, *Chairman.*

Pursuant to adjournment, the Committee met in the Capitol on the evening of 13th at 6 o'clock. All present.

NICHOLAS McCARTY submitted the following supplement to his previous answers which was ordered to be placed on record.

A communication over the signature of O. P. Q. Jr. in the Daily Sentinel of this date, addressed to you, having been brought to my notice, I observe it alludes to a circumstance which I would have included in my answer on

the evening of the 10th, if it had for a moment entered my mind, and desire this to be included and considered a part of my answer of that date. Under an act approved January 9, 1832 organizing the board of fund commissioners, they were required to close the account of the canal fund received at the State Treasury, and make the most profitable investment or deposit there-of, until it might be otherwise required, regard being always had to the entire safety of the investment or deposit. Accordingly on the 28th February, they addressed a letter to the Commercial Bank of Cincinnati as follows: "Gentlemen: As fund commissioners of the Wabash & Erie canal, the undersigned have at their disposal about \$28,000, a considerable portion of which, say \$20,000, they are required to make an early application of. What interest will you allow the fund for such sum as we may determine to dispose of? State if you please the terms for three months, six months, nine months, and twelve months; whether receiving your paper and circulating it on the Wabash would be an inducement to offer us more favorable terms than otherwise, regard being had of course to the regular good standing of your bank." The balance of the letter being in relation to State stock, it is unnecessary to give it, and the following is the answer as respects allowing interest.

"Commercial Bank Cincinnati, 12th March, 1832."

"Messrs. LINTON, SULLIVAN, McCARTY, Indiana Commissioners:

"GENTLEMEN: I am directed by the directors to return you their thanks for the financial proposals made to them by you, and to say the deposit you name will be received, allowing you interest at the rate of 4 per cent under six months, over that time 5, by receiving one month's notice previous to the withdrawal, or if withdrawn in small sums no notice will be required. The circulation of our notes on your canal line will be an object of considerable importance to the bank, and one we would be much pleased to obtain by purchasing your bills on the east, where it is probable you will negotiate your loans from time to time as your disbursements may require.

Very respectfully,

R. BUCHANAN, President."

After receiving the answer of the bank, it was determined to loan out such portion of the fund as was in the treasury, that could be spared from public use, at six per cent., to such individuals as the commissioners had confidence would with promptness re-pay it with the interest; and it was determined that each commissioner should loan out, being accountable to the board as he was to the State for his transactions, and the loans were made with a view to their entire safety, and no one was excluded from borrowing by his holding official station or otherwise, nor where they, to the best of my knowledge, asked to what use they would apply it. Accordingly, in February and March, I loaned out 7,600 dollars of it as follows, viz:

To A. W. Russel, with security,	-	-	\$1,000
To Conner & Harrison, with security,	-	-	1,000
To Henry Bradley, with security,	-	-	500
To Daniel Yandes, with security,	-	-	600

To Harvey Bates, with security,	-	-	1,000
To J. P. Drake, with security,	-	-	1,000
To Samuel Merrill,	-	-	1,000
To Brown & White,	-	-	500
To Dr. J. H. Sanders,	-	-	500
To Henry Porter & Co.,	-	-	500

Mr. Linton lent from March to May, of the same fund, to individuals, 7,753 dollars.

J. W. Sullivan, from April to June loaned to individuals, 6,400 dollars.

In November following, there was still a portion of the money in the treasury, neither used for canal purposes nor loaned out. I proposed to A. W. Morris, to borrow the amount, and execute his note with security for it with the interest, and let me have it; his brother, under the firm of McCarty & Morris, being behind with me for advances made, would pay him or his note in the time required. I reported the loan in the name of A. W. Morris, because he and securities were to all intent and purposes bound to the State for it, as much as any other individuals who borrowed, and myself and concern responsible to him. That I made no secret of the matter none perhaps knows better than O. P. Q. Jr. At an election campaign the following year, I believe it was, the circumstance of A. W. Morris having borrowed the State's money was used by those engaged in the contest, and I gave him a certificate to be publicly used, stating the whole facts.

In relation to the amount of security Mr. Hale was to keep in my hands, I wrote my answer only from recollection. I did not, nor have I yet looked at the report in the journals of the House, and the amount stated in the report is no doubt right. I will here add, in relation to the loan made to Mr. Hale, I had not the temptation before me to let him have it, or continue it in his hands, for the sake of a commission or selling scrip, from the fact that his brothers-in-law, Messrs. Buckingham and Sturges, were men of large means, and when he found scrip to a larger amount than his own means would reach, at such prices as he would buy for himself, he was authorised to buy or contract for them, and they would furnish the means, and it made no difference to me which of them got the scrip, for both were sending to me as well as other persons, and many times I had more than I could dispose of in a reasonable time, and several times retained some without exchanging or sent it where they directed.

J. H. HENDRICKS presented his answers to the following interrogatories :

Interrogatory No. 30.

Mr. T. A. Morris, in his answer to certain interrogatories, put to him relative to your statement inculcating Noble in conniving with

contractors on the Madison road, by means of fictitious drafts, to pay for its prosecution, in contravention of the law requiring a suspension on the public works, says :

“He *thinks* you gave him the names, referred to in your former statement, on a small piece of paper which he *thinks* also contained the amount to be paid to each name ; or if the amount was not on the paper handed him, that you stated to him how much to issue drafts for, to the names so given.”

State once more to the committee *explicitly*, whether you gave those names on a small piece of paper, or whether you presented them in a memorandum book, as stated in former answer.

Answer.

I answer *distinctly, explicitly, and decidedly*, that the names were not given on a small piece of paper, but in a memorandum book, as before stated.

Interrogatory No. 31.

State once more explicitly, whether said memorandum book contained the amount to be paid to each name.

Answer.

It did not.

Interrogatory No. 32.

State explicitly, if the amount was not either on a small piece of paper, or contained in said memorandum book ; whether you stated to said Morris how much to issue drafts for to the names so given.

Answer.

In reply to this question, I am sorry to come in contact with the *impressions* of Mr. Morris, but I must say *emphatically*, that I did not state to Mr. Morris or any other man “how much to issue drafts for, to the names so given.”

Interrogatory No. 33.

State once more, explicitly, whether you spoke of the names thus given as persons to whom you owed money ?

Answer.

A former answer being a clear and decided answer to this question, I quote it. “When I was asked for names, I opened my book

where said names were written, and without any comment upon the matter or names, by me, and without being asked any questions about said names by any body, the checks were filled up with just such names as the writer thought proper to choose."

Interrogatory No. 34.

State whether N. Noble was present during the commencement and progress of this arrangement, and understood its nature and intent.

Answer.

I called at Gov. Noble's residence, and informed him that I had come for our money, and he came into town and was present at the commencement, and certainly did understand its nature and intent, it being an arrangement suggested by himself.

Interrogatory No. 35.

State once more explicitly, how many names were, as above, laid before said Morris, how many of said names were used, and particularly, whether or not you either dictated or indicated to him which of said names he should use for the purpose of said fictitious drafts.

Answer.

The names of 14 firms or houses were laid before Mr. Morris, and he used seven of them. I did not dictate or indicate the use of one name or firm more than another to him.

A. HENDRICKS & SON returned their joint reply to the following interrogatory:

Interrogatory No. 1.

Have you or have you not been allowed as much by the board of internal improvement, or by the chief engineer, for your work or any or all of your contracts as you have claimed or as you may now claim of the State? If you have not, state why not and in what cases and to what amount.

Answer.

We have not. According to the customs, as we understand, of older states, we are entitled to two thousand dollars more than was taken into our final estimate. We did work verbally ordered by E. M. Beckwith, which was not stipulated in our contract, and a part of which Beckwith admitted he had included in an estimate, and afterwards let drop in making up his next estimate. Before Beckwith ran away we had but a small part of the work done thus ordered. We named it to Mr. Williams frequently. He still admitted

the necessity of the work, but as we could produce no written order, or proof of the order, he held it under consideration from month to month, and from year to year, and as we progressed with other work, this extra work occasionally was done, and when the job was completed, Mr. Morris could not take it into the final estimate, because J. L. Williams did not allow it to be estimated.

We therefore think it just and equitable that this work should be paid for, and we now ask it from the State.

N. B. By J. H. Hendricks. I concur, as a member of the firm of A. Hendricks & Son, in all things in the foregoing statement, except that I did not hear Beckwith order said extra work to be done, neither did I hear him say that he had included part of said work in an estimate, but I have no doubt of the facts existing as above set forth.

A. HENDRICKS presented his reply to the following question:

Interrogatory No. 13.

In your answer to the 10th interrogatory, you say, "I do not know of any frauds, corruptions, or misconduct, of any member of the board of internal improvement or engineers, except what I have in part spoken of in the above question in relation to Jno. Woodburn, J. L. Williams, and E. M. Beckwith. State whether you intended by this answer to impute either fraud or corruption to J. L. Williams, and if so, please specify the particular act of fraud or corruption.

Answer.

In my answer to the 10th interrogatory I did intend to impute corruption and misconduct to J. L. Williams, and specify as follows:

I was indeed slow to believe that Williams was a dishonest man; but after having spent a great deal of time and taken a great deal of trouble to convince him of the dishonest acts of Beckwith; after having given him his true character in Pennsylvania (which was that of a thief and a runaway;) after having told him honestly the great loss the State was sustaining by his continuance in the service, after having made the most solemn appeals to him that I was capable of making, reminding him of my age, my family, for which I felt an anxious desire to provide, and after all this, still retaining Beckwith in office, and interfering in the Legislature, after all this, I am constrained to believe that J. L. Williams in this matter has acted dishonestly. I did also intend to impute misconduct in the management of the work and other duties of his office. Mr. Williams has stated to me by way of apology, that he had not time to measure any work, to answer our letters, or examine our profile. Finding that he takes time to interfere in Legislative enactments, and contend with honest contractors, I am constrained to still believe that Williams is chargeable with misconduct in office. As to this I will speak more fully in answer to number 14.

The following resolutions were adopted by the committee.

Resolved, That M. Stapp and N. Noble, Esqrs. be requested to lay before the committee their respective recent reports under oath, with such explana-

tions as they may deem necessary, at as early a period as possible, consistent with their convenience.

Resolved, That N. Noble and M. Stapp, be requested and permitted to meet at the fund commissioners office, or other place that may be agreed upon by them and this committee, and that each be allowed to interrogate the other upon all matters of issue contained in their late reports, for the information of the committee.

G. W. BRANHAM replied to the following question.

Interrogatory No. 5.

State any occurrence on the Madison & Indianapolis railroad which has given you any reason to believe that the interest of the State has suffered loss, if you know of any such; state all the particulars, and public officers concerned, or upon the bridges on said road.

Answer.

In answering this question, from its nature and the extensive scope of the enquiry, and in order that the committee may understand the reason why I come to the conclusion I do, it will be necessary for me to relate some circumstances that otherwise might be omitted. There has been for a long time on the Madison road a species of extravagance that many of the citizens condemned, and as I have lived immediately on the road, ever since operations commenced, much of the waste of the public funds has come under my own observation. Mr. Green, who has long been the superintendent of repairs on said road, having been appointed during the time when the State was in the height of her glory, received a salary of \$3 per day, and as the business of his station did not require near all his time, and from a belief, which I heard publicly expressed, that he was negligent of the interest of the State, a petition was got up on the line which was signed by from one to two hundred of the most influential citizens, asking the board of internal improvement to remove him and appoint another whose services could be obtained for \$1,50 or \$2,00 per day, who would only charge for the time necessarily employed in the service of the State; but this petition was so far disregarded that Mr. Green was retained in the service of the State at \$2 dollars per day, and all his time allowed, although absent from and neglecting the business of the State, while attending to his private affairs, and nearly all the time keeping from one to two sub-superintendents under him. In reference to Mr. Green's capability to fill the station, I do not rely solely on my own opinion, but have heard Mr. T. A. Morris, engineer, Mr. Samuel Thomas, superintendent of machinery, and Mr. John Lodge, agent for the transportation and running the cars, say that Mr. Green in many instances, by manner of repairs, damaged the road instead of benefitting it. Another evidence of the waste of the public funds on the road is in the fact, that about \$10,000 feet of pine boards was purchased in Madison at \$30 per thousand, (the amount Mr. Green said he paid for them) when the same quality of lumber could have been, and to my knowledge, was bought in Madison at from 15 to \$16 per thousand, and said lumber was used in covering one of the bridges, at a heavy cost, which, when completed, totally failed to accomplish the object designed. Having examined the bridge, I found it to be in no better condi-

tion than the bridge near it, which has had no repairs on it. Having been engaged in mechanical operations in wood for a number of years, and having built one of the bridges on the Madison road, from my knowledge of the condition of the bridges on said road, they must in a few years go into dilapidation, unless something is done more than has been, to protect them from the weather. There has been expended about \$12,000 during the past summer for oak timber to repair the bridges; in attempting to kill-dry some 5 or \$600 worth of said lumber, on a new mode, it was burnt up, and two steam boilers, which were borrowed by Mr. Green for the purpose, were entirely destroyed. No doubt had he succeeded in this operation of kill-drying but that the oak timber, which was purchased at such a heavy cost, would have been put on the bridges. From my knowledge of the nature of the timber, I can say it will never answer the purpose for which it was purchased. In confirmation of this opinion, when the timber was burnt, Mr. Thomas, superintendent at the depot, and several other good judges said they had no doubt but it was the best thing that could have happened to it, for the interest of the State, for it would never answer for covering the bridges, and the superintendent of repairs was going on to repair the bridges with it had it not been destroyed. In a conversation between myself and Samuel Thomas, he told me that he could as well attend to the duties of his office and that of Mr. Green's, as to have it divided and the State paying the salaries of two officers, which in the one item of expense would save to the State \$730 per annum.

G. W. LEONARD and V. KING, replied jointly to the following question.

Interrogatory No. 6.

Do you consider the water near the upper part of the inclined plane near Madison, of any value for hydraulic purposes, or is it considered so by any person, within your knowledge, or has it been considered of any value for the last 20 years?

Answer.

We consider it worth nothing at all, nor do we believe any person considers it so now, or that it has ever been considered valuable.

T. W. GRAHAM returned an answer to the following interrogatory.

Interrogatory No. 21.

Have you or have you not been allowed as much by the Board of Internal Improvement, or by the chief engineer, for your work on any or all of your contracts, as you have claimed, or as you may now claim of the State? If you have not, state why, and in what cases, and to what amount.

Answer.

I have not been allowed as much by the board or engineer, for

work done on the Jeffersonville and Crawfordsville road, as I have claimed; and why, is that I applied this day to examine the books at the engineer's office from Salem, and found that one book is lost which was in the office at Salem, and contained the estimates of said road. The amount of what I claim you will see in one of my former answers.

JOHN KING submitted his answers to the following interrogatory.

Interrogatory No. 22.

State whether the Madison Bond Company paid out some state bonds as often as twice or thrice, and whether any *private mark* was fixed upon any of the same, by which your company could know them. Should you answer affirmatively, give the reasons for such an operation, and what part of said business you performed, and by whose directions.

Answer.

In my answer to No. 9, I gave an account of 20 bonds bought by our company, and returned to General Stapp, (and this return he reported to the legislature as I understand.) In my answers to 7 & 11, I state that General Stapp gave me 30 bonds. These bonds were handed to me in the latter part of the summer or early in the fall of 1841; 20 of these, Stapp informed me were the same that our company returned him, (spoken of above) and these same bonds were all paid out to contractors, and very *probably* some of them to the *very same persons* to whom they had been paid, in the fall or winter of 1840, though I do not know this to be the case, as I made no private mark, nor was there any mark on them, by which I could know them. I did not keep the numbers of bonds that were paid out. Now these 20 bonds had been in the possession of, and belonged to the State six months or more, and were handed to me as well as 10 more, to be used on the road, and were so used, as all others had been from the first, and were worth no more nor less, either to the State or the company, than any other bonds. It is possible, that during the time we were purchasing the above 20 bonds, and before we gave them to Stapp, one or two of those we had bought might have been given to a contractor, as during that period one or two small final estimates were paid, and I kept them all together in the vault; and as it made no difference to us or the State, whether this was done or not, I do not know certainly; but think it was not.

N. NOBLE presented the following answers to interrogatories propounded by committee.

Interrogatory No. 13.

State your opinion how much the property of your relative has been enhanced in value by the extension of the basin to his warehouse at Lawrenceburgh.

Answer.

As will be seen from the papers accompanying my answers to the string of interrogatories before given me, the plan on which I wished to extend and complete the canal at Lawrenceburgh, was resisted by my relative Mr. John. I extended on the plan I did, because it was \$11,000 of less expense to the State, and much the better one in every respect, as is shown by the survey of the engineer, and the report of the board to the legislature in 1839. The unworthy motive ascribed to me, for the improvement made in the plan, in the newspaper assault made in 1839, and now repeated in the interrogatories, that of benefiting a relative, was not the cause of the change. It was to save expense, and to benefit the State and the public, that the surveys were made by the engineer, and the cheapest and best of them adopted, under the advice of the engineer department. Not knowing the value or cost of the property or out lots of the proprietors of the ground, either before or since the work was done, I have no opinion to offer as to the probable increase of value in the property of Mr. John or others.

Interrogatory No. 14.

Whilst a member of the Board of Internal Improvement, did you or did you not, directly or indirectly, or by the medium of others, either with your own funds or otherwise, buy up or in any way speculate in the estimates of contractors or in other evidences of claim against the State? If so, state particulars.

Answer.

Having answered and acquitted myself on Saturday, of any improper use of the public funds, I am required by the foregoing interrogatory to say whether I have used *other money* than the public funds, in speculations in claims and treasury notes. Here I must most respectfully beg leave to deny the right of this honorable committee, to enquire into the uses or manner of employing my private means. They are my own, and whether I apply them to the payment of debts, the purchase of goods, lands, or evidences of debt, the privilege is secured to me and to others, and cannot be made the subject of enquiry, but by a violation of personal rights not to be tolerated in a free government. I have been twice asked in this investigation, under the authoritative form of an interrogatory, how, and for what, I parted

with some land on Eel river, purchased before I was commissioner, with funds not my own, on which I was entitled to profit. It was with the hope of advancing my interest that I accepted the money and procured the investment, and I acknowledge no law, usage, or political authority, to call on me to disclose the enterprise, and spread the fact, as a reproach, before the public. Who, among us does not know, that there are thousands of freeholders made such by their parents, in entering lands, selling with an advance, and re-entering, until freeholds have been given to every child. And whilst we were all striving to improve our condition in the period of high prosperity just gone by, the honorable Senator, Mr. West, who moves these enquiries, was not idle. He in striving to advance his interest, either in his own name, or that of his father, entered an amount of lands on the lines of our projected works of from *twenty to thirty half quarters*; and he also, as he had a right to do, associated himself with a company of capitalists and speculators in the east and the west, who opened offices in Indianapolis and elsewhere, for the purchase and sale of land scrip issued by the bounty of the government to the soldiers of the revolution, their widows and children. He has a right under the laws of the land to employ his capital as he pleases, and I have done no more. But although I deny the right to enquire into my private transactions, I waive the objection, and will say I have not with private resources, borrowed capital, or the associated means belonging to others bought and sold the evidences of debt upon the State, for the sake of profit.

In the purchase of stock for my farm, in the payment of taxes, and in the payment of debts due merchants or others, I have made exchanges for treasury notes, whenever I found it my interest to do so, by making special contracts of the kind or otherwise. I have also obtained a few estimates for moneys and due bills due me, at par, and for hay and bacon sold from my farm.

At the next meeting of committee on 14th, Mr. West read the following reply to Gov. Noble's statements in regard to his purchasing lands, and requested it to be recorded in connection with Gov. Noble's answer:

"In order to prove the misrepresentation of Ex-Gov. Noble respecting my having bought up lands extensively along the line of the public works, after the internal improvement law passed, the following certificate of the register and receiver of the land office at Indianapolis, is filed for the purpose of being placed upon the records of the committee."

"The one hundred and seventy-five acres bought on the 2d Feb. lays north of White river."

Land Office, Indianapolis,
Jan. 14, 1842. }

It is hereby certified that, upon examination of the books of this

office, I find no entry in the name of Nathaniel West of Essex county, Mass. or Nathaniel West of Marion county, Indiana, after the 25th of January, 1836, except one tract of 175 acres entered on 2d February, of same year.

Given under my hand, the date above.

DAVID V. CULLEY, Register.
S. W. NORRIS, Receiver.

At the request of Gov. Noble, committee ordered the following explanation submitted by him, to follow Mr. West's reply on the record.

"Finding that there is some misapprehension of the allusion made in the foregoing answer to the large amount of lands entered by the Hon. Senator from Marion, I beg leave of the committee to recite that part in which I say, he made the entries equal to *from twenty to thirty* half quarters "on the lines of our projected works," referring to the surveys made in 1835, under a legislative act. I did not refer to the entries as being made on the *established* lines of 1836, but on the *projected lines*, naming no year; and it is well known to all that the scuffle for lands on the lines began with the surveys of 1835. This, however, when considered, is not a very important fact, for there are but few minds capable of making the nice discrimination in point of time, that would make such enterprise criminal in 1835, and excusable in 1836, or *vice versa*. I beg this honorable committee to remember that I did not single out this speculation, among the hundreds that employed others in those days of high prosperity, as a fault of the Hon. Senator, nor did I set a mark.

Committee adjourned to evening of the 14th, to meet in the Capitol at 6 o'clock.

J. C. EGGLESTON, *Chairman*.

In pursuance of last adjournment, committee met in the Capitol, on the evening of the 14th, at 6 o'clock.

Mr. Baird absent.

The Chairman presented the deposition of Samuel Wilson, as follows:

Madison, January 10, 1842.

HON. J. C. EGGLESTON :

Sir: Yours of 4th inst. was received last Saturday night, and I embrace the earliest opportunity to answer the questions therein contained, which I will do briefly, and then in conclusion make general remarks of all I know about the matter in *full*, as you request.

Interrogatory No. 1.

What do you know of Jno. Woodburn engaging his brother Culver Woodburn to store iron for the Madison railroad? State the amount of iron stored, the length of the time stored, the amount of compensation paid, and generally all you know about the matter.

Answer.

Jno. Woodburn employed his brother Culver Woodburn to receive railroad iron. The amount received I have no means of knowing; storage is out of the question; it was never stored by any one to my knowledge; compensation seventy-five cents per ton.

Interrogatory No. 2.

Was or was not said allowance more than said Woodburn might have got it stored for? Did you make any offer to Jno. Woodburn to store said iron? If so, what offer did you make him?

Answer.

Said allowance was double at least, what he could have got it done for. I made no offer direct, that I remember, knowing it would be of no use to do so. I would have been glad to have the job for 37½ cents per ton, or even less, if I had had a chance.

Interrogatory No. 3.

What do you know of John and Culver Woodburn being partners in trade at said time? What reason have you for believing such to be the case?

Answer.

I know of no partnership existing between the two Woodburns. Now I will give my reasons more fully on the whole as nearly as I can, as if I was examined in person, not wishing to conceal any thing. My knowledge about the price of 75 cents per ton, I got from Jno. Woodburn himself, in conversation; he asking me if I did not think 75 cents was reasonable enough. I generally made reply, I would like such a job at half price. He always seemed to want me to say it was little enough. The iron was never stored by any one. Culver Woodburn or some of his men received the iron from the boat, and the boat's crew landed it on the wharf landing, and put it in piles, and so far from being stored, the river rose and covered it, and, as nearly as I can recollect, some of it was under water some time; however, a part of it was drayed up above high water mark, whether for increasing the extra charge of drayage, I have no means

of ascertaining. I know at the time, several of us commission merchants thought it a needless expense, when the same wagons which were employed to haul it up the hill might as well haul it a few feet further, and would be no more expense. I suppose C. Woodburn's bills will show if any thing was charged for this extra drayage. Any one who could count one hundred, could receive railroad iron, just to see if the number of bars agreed with the bills of lading, and if right pay freight, and all would be done; and I suppose freight money was ready at all times. I am persuaded of one fact, that if Jno. Woodburn had to pay for the receiving of the iron, out of his own pocket, he would have gone a cheaper way to work. In fact, there was no need of a commission merchant about it. Jno. Woodburn being here in person, and having a clerk in the railroad office at his command, he might have saved the whole of the expense to the State, if he had so wished; but no doubt he wished to help his brother some, and naturally enough himself a little at the same time, but this I do not know; yet I believe it in my own mind. My reason for such belief is, I have known him for years, and in all transactions I ever knew, he has been in the habit of turning every thing to his own advantage. I suppose you will say this is commendable if done honestly. The iron, after Gov. Noble came into power, was given to G. W. Kimberly, and he did it for 25 cents per ton instead of 75 as had been given by Woodburn, and he, Kimberly, made money at it, as he told me himself this very day; now in this case there appears good reason to employ a commission merchant, Gov. Noble not being here to superintend in person; when Woodburn, during his administration, was here nearly all the time, and if he was absent, still his clerk was here.

With due respect,

Your obedient servant,

SAMUEL WILSON.

STATE OF INDIANA, JEFFERSON COUNTY }
CITY OF MADISON, }

Before me, the undersigned, mayor of the city of Madison, in said county, this day personally came Samuel Wilson, and being duly sworn says, that the answers to the several interrogatories herein contained are true to the best of his knowledge and belief. In testimony whereof I have hereunto set my hand and affixed my seal of office, this eleventh day of January, 1842,

MOODY PARK, Mayor.

JAMES MANCE replied to the following question:

Interrogatory No. 1.

State if you are a contractor on the Madison and Indianapolis railroad. Did you receive state bonds in pay? State if the Madison bond company at any time proposed to purchase Indiana state bonds

of you? If so, how much did they offer you for them? To whom did you sell your bonds? and for how much?

Answer.

I have been a contractor on the Madison and Indianapolis railroad. I received a state bond. I do not recollect of the Madison Bond Company proposing to purchase state bonds of me. I deposited said bond with Gov. Noble, for which I received from him eight hundred dollars, with the privilege to redeem the bond when I thought proper.

HAAS & HILLIS submitted their joint answer to the following interrogatory:

Interrogatory No. 4.

Do you know of any extra work having been done on the Madison and Indianapolis railroad during the past season? If so, how was it paid for?

Answer.

We were allowed for what we supposed might be called extra, both for material furnished and work done on the road, between the head of the plane and West street, in Madison: to wit, for thick oak plank to put under the ends of mudsills, and for preparing timber furnished by the State, and for paying for hauling the material; also for filling a part of track, &c., for which we were to be paid the difference between state bonds and money or current paper, which we suppose was put in our estimates. The difference we do not know, not being present when the final estimate was made out.

WILLIAM HENDRICKS presented his answers to the following interrogatories:

Interrogatory No. 2.

What do you know with regard to the fraudulent conduct of Beckwith, late engineer on the Madison and Indianapolis railroad? How long before he was dismissed were you aware, or had good reason to think him fraudulent and faithless to the State.

Interrogatory No. 3.

How long before his dismissal did you either verbally or in writing, or by both mediums, communicate to N. Noble, the commissioner, and J. L. Williams, engineer, and John Woodburn, your opinion as to the character and conduct of Beckwith; and did said officers of State continue said Beckwith in office after you notified them? State par-

ticularly all you know, and your opinion as to whether said Noble, Williams, and Woodburn did or did not violate their duty when they continued Beckwith on duty as engineer after said notice?

Answer to Interrogatories Nos. 2 and 3.

Some time in the Spring of 1839, I had a conversation with D. C. Branham, in Madison, who told me he had, before that time, been in Connersville, and had seen Peter Madden, who had been clerk for Carnahan during the construction of Graham bridge; that he had obtained from Madden statements of estimates which had from time to time been made by Beckwith and paid to Carnahan, as well as his final estimate, and that from these and other information thus derived, he became satisfied that Beckwith had given false estimates to the amount of twenty thousand dollars or thereabouts. Among other things, he said Madden had told him that there were cavities in the abutments and piers, where he could back a horse and cart in without touching the walls, and that these had been estimated as solid work. Mr. Branham gave me, in that conversation, more details, which I cannot particularly recite. This was all hearsay, and might or might not be true. I met Gov. Wallace some short time afterwards, at Bloomington, and told him these things, requesting him to tell them to Gov. Noble and Williams, and give them my opinion that Beckwith was an unworthy public servant; that these things could not remain hid under a bushel, and that if Beckwith was retained under these circumstances, they might expect that these things would be sounded through the medium of the newspapers at the meeting of the next Legislature. The same spring Gov. Wallace came to Madison, and I asked him if he had mentioned the statements I had given him at Bloomington, on his return to Indianapolis, to Gov. Noble and Mr. Williams, as I had requested. He told me he had, and that one of them, I think Mr. Williams, had remarked that I was prejudiced against Beckwith, and could not, or did not, do him justice. When Gov. Wallace left I accompanied him on the cars to Vernon, and Mr. Branham being then on the cars, I introduced him to Gov. W., and requested him to make the statement himself. This he did, and more in detail than I had previously given it. I think I then renewed my request Gov. W. to lay this conversation also before Gov. Noble and Mr. Williams. This I had reason to believe produced the desired effect; for, on seeing Gov. Noble some time afterwards, at the depot on the hill, I remonstrated with him against the further continuance of Beckwith, as engineer, stating to him that the public service was injured by him, and that, at the lettings of the contracts north-west of Vernon, which I understood was shortly to take place, there were, as I was informed, many good contractors who would not bid unless it was known that Beckwith was to cease to be engineer on the line. He told me that Beckwith would not again be appointed; that he said so publicly, and authorised me to tell it to others. I think his services did cease as engineer very soon thereafter, and that he was soon afterwards ar-

rested. I was satisfied of the bad character and faithlessness of Beckwith, I think, from the spring or summer of 1838, and I believe that it was during that summer that I communicated such opinions to the Board of Internal Improvement, in this place; but the facts were not so tangible and certain as they afterwards became. I afterwards wrote a letter Mr. Williams, a copy of which you have, telling him that acts and evidences of his improprieties were accumulating, and requesting his dismissal. Afterwards, during the session of the Legislature, I think in December, 1838, in a conversation with Mr. Williams, I again urged his dismissal. I had, previous to any of these dates, before there was very much development against Beckwith, told Mr. Woodburn that from what I had learned of his character before he came here, he would not in my opinion answer the purpose as an engineer, and that he was unqualified, both in acquirements and integrity, for the duties required of him. Mr. Woodburn and Mr. Williams both seemed to think him honest, and improving in the knowledge of his duties; and, after the work progressed a while, they appeared to think they could not well get along without him.

MESSRS. ROBERT & HUGH STEWARTS presented their joint answers to the following interrogatories:

Interrogatory No. 4.

Have you or have you not been allowed as much by the board of internal improvement as by the chief engineer for your work, or any or all of your contracts as you have claimed, or as you may now claim of the State? If you have not, state why not, and in what cases and to what amount.

Answer.

We have not been allowed as much by the board of internal improvement or by the chief engineer as we have claimed, or as we now claim, or what our different contracts entitle us to, for the reason that incompetent, inexperienced young men were appointed to make measurements, &c. Had the chief engineer investigated our matters in dispute, as he has been frequently requested, we are of opinion, all our difficulties might have been settled at a considerable saving to the State, and more satisfactory to us.

Interrogatory No. 5.

Do you or do you not know that L. B. Wilson ever gave drafts to contractors on the New Albany & Vincennes road for more than was their just due under their contracts? If so, state the amounts and all particulars, and whether the facts were known to the commissioner and principal engineer, and who said contractors were.

Answer.

In our answer to 3d interrogatory, we stated that the State had, at least,

paid \$40,000 for metalling the New Albany & Paoli road, for which she did not receive value, L. B. Wilson having given drafts for the same; said Wilson having accepted of the work as if it had been sufficiently done, when in fact it was not; therefore the contractor had a right to receive the above sum. The commissioner and engineer, we believe, were not aware of the insufficiency of the workmanship on said road.

Interrogatory No. 6.

Do you know of L. B. Wilson having been driven off any public works, where he was appointed to reside? If so, state what works, the cause, and all particulars.

Answer.

We do not, but would refer to Andrew Wilson, contractor Indianapolis, for information on that subject.

Interrogatory No. 7.

In one of your answers, you say that the metalling of the road leading from Albany to Paoli, a distance of about 41 miles, has not been done agreeably to the contracts and specifications exhibited at the sale of said work, in this, that the rock not being sufficiently broken, and the required depth not having been put on, the State has, at least, paid \$40,000, for which she has not received the labor as required by the different contracts.

State whether you were contractors on that road at the time alluded to, and whether were you in the daily or weekly habit of passing over it. State also whether you frequently stopped to measure the size and depth of metal, and if you did not frequently pass over the 41 miles of the road in the night. State upon what sections the stone was not sufficiently broken, and upon what sections the metal was not of the required depth; state also the size of the stone required by the specifications, and the manner which you adopted to ascertain that they were not of the required size. State particularly the numbers of the sections, or the names of contractors upon whose sections the State has sustained a loss of \$40,000. State also the value of the several items of loss on each section.

Answer.

We were not contractors on the New Albany & Paoli road, at the time alluded to in our answer; we were not in the daily or weekly habit of passing over the road. R. Stewart frequently stopped to examine the workmanship, and depth of metal on said road. R. Stewart has passed over the 41 miles of the road in the night in the stage. The stones were not sufficiently broken upon any of the sections on said road, and the required depth was not generally put on said road. The required weight of the stones by the specifications, was the first layer of stones laid on road to be 8 ounces, the second to be 5 ounces. The sections on which the loss is sustained are from No. 1 up to No. 41 inclusive. The names of contractors on said section may be found in the office of the chief engineer.

Interrogatory No. 8.

In T. W. Graham's answer to the 19th question propounded to him, he says upon the authority of H. & R. Stewart that Wilson gave drafts on the Vincennes & New Albany road for more than the State received value. State what you know on the subject.

Answer.

This question has been answered in our previous replies.

Interrogatory No. 9.

Was L. B. Wilson an arbitrator for assessing damages to contractors on the southern division of the Central canal? If yes, did he agree with his colleagues in their award upon your claims, or did he dissent therefrom? Were you satisfied with the award of Wilson?

Answer.

L. B. Wilson was sent by Gov. Noble as an arbitrator, to assess damages on the southern division Central Canal. He did not agree with his colleagues. We were not satisfied with his award. He acted on said arbitration more like a pettyfogger, than a just and high-minded arbitrator.

D. C. BRANHAM being sworn replied to the following questions:

Interrogatory No. 1.

Have you been a contractor on the Madison & Indianapolis railroad at any time? If so, when, and who was the acting commissioner?

Answer.

I was a contractor on said road in 1837-38. Mr. John Woodburn was commissioner.

Interrogatory No. 2.

State any facts showing corruption, fraud, peculation, or misconduct, in any of the officers or agents of the State on said road within your knowledge.

Answer.

In reply, I would say that Beckwith gave estimates that he knew to be wrong at the time he gave them. I do not know that the commissioner knew this, only from the assertion of contractors which they offered to prove, but I think that was never done.

Interrogatory No. 3.

State whether you know of any officer of the State, or the Madison Bond company buying up the estimates of contractors. State all the particulars.

Answer.

I know of no such transaction.

Interrogatory No. 4.

State any instance of the Madison Bond company buying up bonds which had been paid to contractors.

Answer.

I know of none.

Interrogatory No. 5.

Were you or were you not in possession of evidence of Beckwith's false estimates to contractors on the Madison & Indianapolis road, before he was publicly detected in his villainy?

Answer.

I was in possession of evidence as early as February, 1839, that Beckwith had over-estimated the contract on the Graham bridge to a large amount. He was not arrested until June following.

Interrogatory No. 6.

Do you or do you not know or have you good reason to believe that J. L. Williams and N. Noble, or either of them was apprised of the existence of testimony against said Beckwith, which if looked into by them would have led to his detection, long before he was arrested.

Answer.

In the winter of 38, 39, there were some ten or fifteen affidavits sent up to the board of internal improvement and Mr. Williams, accusing Beckwith of dishonesty and want of capacity. The precise language I do not recollect. They were signed, as well as I can recollect, by R. Cresswell, Adam Echelberger, A. T. Rolion, Mr. Bitzell, W. H. Branham, D. C. Branham, the balance not recollected. If I am not mistaken, John Woodburn, Gen. Long, Mr. Graham, Dr. Maxwell, with some others constituted the board internal improvement. Gen. Stapp and Gov. Hendricks can say more than I can.

Interrogatory No. 7.

Do you or do you not know that J. L. Williams, after he had ascertained that Beckwith had made false estimates, proposed to screen Beckwith from harm, if he would become a witness against contractors? State particularly all you know on this subject.

Answer.

I heard Mr. Williams say that he had tried to get Beckwith to explain his accounts which he refused to do. I also heard him say that he told Beckwith if he would agree that the over estimates were errors, and would appear as a witness against contractors, he, Beckwith, should not be molested.

A. HENDRICKS and son submitted their joint answer to the following interrogatory :

Interrogatory No. 2.

State if you have any prejudice or ill feeling towards J. L. Williams or N. Noble, and state whether your feelings towards them are of a friendly character or otherwise, and whether you have threatened to expose them to punishment for alleged offences.

Answer.

We have no prejudice or ill feeling towards either J. L. Williams or N. Noble. We harbor no ill will towards either of the men, but are not satisfied with treatment received from them as public officers. We have never threatened to expose them to any punishment further than to complain of their official treatment to us, so far as we recollect.

The Chairman presented the deposition of D. H. Maxwell, in answer to the same series of interrogatories, numbering from one to 22 inclusive, that was propounded to the several members of the board of internal improvement, who have been before the committee. His answers are as follows:

Answer to No. 1.

As well as I recollect, the board of internal improvement met, and was organized about the first of March, 1836, at which time I became a member. I served from the period above mentioned, until the last of February, 1839. The members of the board, when first organized, were, Samuel Lewis, David Burr, and James Johnson, who previously constituted the board of canal commissioners; and Thomas H. Blake, Jno. G. Clendenin, Jno. Woodburn, Elisha Long, and my-

self, Samuel Hall, one of the commissioners appointed, not being present. Judge Hall's place was supplied by executive appointment of Amos Clark, who was superseded by the election of Jno. A. Graham, by the next meeting of the legislature. D. Burr resigned in consequence of his defalcation as commissioner on the Wabash and Erie canal, and was succeeded by Daniel Yandes. All the foregoing persons were members of the board during the period above mentioned, namely, between the first of March, 1836, and 28th February, 1839. I cannot be precise as to the day of the first meeting of the board, but it was on the day fixed by law.

Answer to No. 2.

The out-lays were intended to be proportioned according to the amount appropriated by law to each several work. The reason why the board commenced operations on all the works at the same time was, that the law creating the board positively required them to do so.

Answer to No. 3.

The law establishing the system of internal improvement made the commissioner placed on each line of the public works, the superintending agent of that work, and in accordance with this provision, the board acted. When the board decided upon expending a certain sum of money upon any given work, the fund commissioners were informed of the fact, and of the amount, specifically, and of the period of time generally, in which the money would be required. The funds required were by order of the fund commissioners, drawn from the various banks of our State, acting as their fiscal agents; and no commissioner had the right to draw a greater amount than the sum appropriated by the board, to be expended in a given time. Each commissioner settled with the board, and with the fund commissioners, annually. As a check upon over-drawing, the banks, acting as the fiscal agents of the fund commissioners, were allowed in no case to pay one cent for construction, unless the certified estimates of the resident engineer or other engineer having charge of the work, accompanied the draft of the commissioner, when presented for payment at bank. As it respects the contingent expenses of the members of the board, (such as the salary of engineers, chain-carriers, axmen, books, provisions, camp equipage, wagons, &c. &c.) an approximating estimate was made at the commencement of each year, for each commissioner, of which estimate the fund commissioners were notified, and in no instance could a greater amount be drawn by a commissioner than the sum previously fixed by the board.

Answer to No. 4.

Except in the case of David Burr, I have no knowledge of any member applying the public funds to his private use.

Answer to No. 5.

It is not to be expected, that any member of the board being guilty of the crime mentioned in this fifth interrogatory, would communicate it to a fellow member; and although I had some fears on this subject, still I have no personal or other information, except public rumor, to justify an opinion, which may be correct or incorrect.

Answer to No. 6.

Not having been present at any lettings of the public works, except upon my own line, I am entirely ignorant as to the subject inquired of in this question.

Answer to No. 7.

Of the misdemeanors in this No. I have no knowledge whatever.

Answer to No. 8.

Jno. Woodburn was commissioner.

Answer to No. 9.

I am unable to answer this question, as I have never been in Madison, nor on any part of the line of works superintended by Mr. Woodburn, since I was appointed a commissioner in 1836.

Answer to No. 10.

Of the interests of the State in this matter, I cannot judge otherwise, than by comparing the expense of the *deep diggings* with the probable revenue which would be derived from the work when finished. All I know (for I have no data from which to make estimates) is, that the expense has been *enormous*, and I doubt not the work has been prosecuted much to the injury of the State. As it respects the comparative advantage of a tunnel, I cannot decide for or against it, not knowing the difference of cost; but I give it merely as matter of opinion, that neither one nor the other should ever have been attempted.

Answer to No. 11.

Mr. Woodburn selected Beckwith as his engineer, upon what recommendation I cannot say. The dismissal of Beckwith took place after I ceased being a member of the board, and I am of course ignorant, except from hearsay, of the causes which led to his removal.

Answer to No. 12.

My reply to No. 11, will shew that I can have no knowledge upon this subject: By the way, I will remark, that complaints on the part of Mr. A. Hendricks, a contractor on the "deep diggings" were frequently made to the board, whilst I was a member, against this same Beckwith for making *under* estimates of his work.

Answer to No. 13.

I have no knowledge of any connivance of the kind mentioned in this No., on the part of any commissioner or engineer; nor do I know of any partiality shown to contractors, except, where bids were equal, a preference was given to the contractor who had the best reputation for industry, and moral honesty in paying off his work hands.

Answer to No. 14.

In some instances this was done. I myself, when authorised by the board to let so much of the Jeffersonville and Crawfordsville Road, as lies between New Albany and Salem, exceeded the amount, some two or three thousand dollars appropriated by the board for that distance. I was authorised to let to Salem. The amount appropriated, after the lettings took place, it was found, would stop the work one mile out of Salem; and under these circumstances I let the additional mile, so as to bring the road to the public square in Salem. I then thought I was doing right, and for the interests of the State; and I think so still. I did not, however, exceed the distance authorized to be let, an inch. If I am not mistaken, Mr. Woodburn let some five or six miles more than the board authorised him to do. General Long also, I think, exceeded his limits on the White Water Canal, and possibly some other commissioners, but of this I am not certain.

Answer to No. 15.

In regard to allowances made by the board to members for *extra services*, I certainly know nothing. Each member of the board received his annual salary, and had his prescribed duties to perform. If such allowances were made, the records of the board will show it; but I aver that I have no recollection of any such being made, while I was a member of the board.

No. 16, is unanswered.

Answer to No. 17.

I have no reason, either from personal knowledge, or even hearsay, to believe that such a thing was ever done by any commissioners, whilst I was a member of the board.

Answer to No. 18.

I have no knowledge of any such villainous transactions as this question seems to contemplate. So far as I know, the competition was fair.

Answer to No. 19.

I am ignorant of all lettings, except those made by myself, and I say emphatically, *not guilty*.

Answer to No. 20.

I cannot answer this question. For myself, I was not.

Answer to No. 21.

Any thing that I could say upon this subject would be but mere matter of opinion. Having lived some nine or ten years in Jefferson county, and being well acquainted with the *hill* at Madison, and with the bluff for many miles below, I have ever been of opinion, that the road, by passing a few miles down the northern river bluff, could have reached the summit at an easy grade, and at a cost vastly less than has been expended on the hill at Madison. In a word, I have thought the interests of Madison, and not the State, have been consulted in the prosecution of this work. Whose private interests have been subserved by the present location, I am unable to say. I will add, that after the engineer had critically examined and estimated the expense of the various proposed routes, the acting Commissioner was bound to make his selection, but that selection should always be of the route which would cost the least money, provided it would be equally advantageous to the State.

Answer to No. 22.

If I were asked, if I had violated any or all the commandments of the decalogue, either directly or indirectly, I suppose I should plead guilty; but to *every branch* of the interrogatory in No. 22, relating to myself, I answer I DID NOT. As it respects the other branches relating to other members of the board, engineers, &c. I have no knowledge whatever.

STATE OF INDIANA, }
 Monroe county, } ss.

Personally appeared before me, a justice of the peace, in and for Monroe county, and State of Indiana, D. H. Maxwell, who being duly sworn, deposeth and saith, that the foregoing answers to interrogato-

ries propounded to him by the investigating committee of the Senate of Indiana now in session, are true, to the best of his knowledge and belief.

C. D. BAILEY, J. P.

[SEAL.]

Bloomington, Jan. 6, 1842.

SIMEON BRANHAM, being sworn returned his answer to the following question.

Interrogatory No. 1.

Has your firm ever sold any Indiana state bonds to the Bond Company at Madison? If so, state in what currency the same were paid for, and at what rate per bond. State if any of said company ever told you that General Stapp was their agent.

Answer.

Our firm sold one five per cent. Indiana bond to the Madison Bond Company, sometime in the fall of 1840, at 75 cts. on the dollar, and received the payment in common currency. We also sold them two notes for parts of bonds, one for over \$500, and the other for over \$400. The first one we sold in the spring or summer of 1841. We got 75 cts. on the dollar for it, in \$50 treasury notes, at their face. The last one we sold in the fall of 1841, at 50 per cent discount, and received common currency. The way we came in possession of the notes was, when an estimate was due, all over the even amount of bonds we had to take a note for bonds, which were given by John King, agent for fund commissioner. As to the last part of the enquiry, I never heard any member of the company say any thing on the subject of Stapp being their agent.

E. S. ALVORD being sworn, presented his replies to the following interrogatories:

Interrogatory No. 1.

Have you ever been in the employment of N. Noble, Commissioner, and in settling the claims, demands, &c., of contractors and laboring men, which they held against the State? If so, and also whether in that capacity or not, did you for said Noble, directly or indirectly, either with your, his, or other funds, buy up said evidences of claims or of demands against the State, or estimates, for the purpose that said Noble, either at the time or afterwards, should be a partner therein? and, if you did buy, did or did not said Noble, ever, directly or indirectly, in any way participate in the proceeds or the advantages of

said purchases? State all you know; also whether you paid out any Gallipolis money, and what amount?

Answer.

I was in the employ of N. Noble, I think, between twenty and thirty days, in the winter of '39 and '40, in settling the claims of contractors and laborers against the State. Never used any funds of Gov. Noble in purchasing claims, nor my own to exceed about one hundred and twenty dollars, while upon the public works in his employ. N. Noble was never a participator in any of the evidences of debt purchased by me. I was daily purchasing Gallipolis bank paper with bankable funds, and with said paper we purchased a large amount of claims against the State, but cannot say what amount, as we never kept any record of the quantity purchased.

Interrogatory No. 2.

If said Noble did employ you in settling the demands of contractors, was he knowing of your being engaged in making purchases of estimates or other evidences of claims against the State?

Answer.

N. Noble was never aware of my purchasing any claims against the State while in his employ; but, on the contrary, expressed a desire that I would not do so.

Interrogatory No. 3.

Do you know of N. Noble, whilst commissioner, being concerned, unconnected with yourself, in any speculations, directly or indirectly, either by himself or by the medium of others, in buying up the estimates of contractors or other evidences of debt against the State? Give all particulars.

Answer.

Was never knowing to N. Noble being concerned with any person in purchasing the estimates or evidences of debt against the State on speculation, either directly or indirectly.

Interrogatory No. 4.

State if, while at Andersontown, you purchased any claims you did not report to your partner, A. F. Morrison. If so, state with whose funds you purchased such claims?

Answer.

While at Andersonstown I never purchased any evidence of debt to exceed about one hundred and twenty dollars, which was reported to my partner, Mr. Morrison, on my return to the office at Indianapolis.

MILTON STAPP replied to the following question:

Interrogatory No. 9.

Did or did not N. Noble inform you and others, in the spring of 1840, that he intended to delay the work on the Madison and Indianapolis railroad until the election of Governor was over? Did said Noble so delay? and, independent of its political effect, was such conduct conflicting with the interest of the work? If he did so inform you, did he state what his object was?

Answer.

In conversation with N. Noble, in the spring of the year 1840, I requested him to press the work on the road that season, so as to have it nearly or quite finished to Edinburgh. He replied in substance, that he should not do so until after the August election; but that he would then put a firm on it that would well nigh finish it by the ensuing winter. The work was delayed in a great measure accordingly. I think the delay was against the interest of the work.

A. F. MORRISON returned his reply to the following interrogatory:

Interrogatory No. 29.

In the investigation of the conduct of Beckwith by the Board of Internal Improvement, on the 4th Jan., 1839, did Mr. Williams attempt to influence you or any other member of said board, so far as you know or believe, in favor of said Beckwith? State whether you believe the action of the board upon this subject was in any way influenced by Mr. Williams?

Answer.

In the investigation of the charges brought against Beckwith before the committee of the Board of Internal Improvement, on or about the fourth of January, 1839, Mr. J. L. Williams appeared before said committee, at the instance of the committee, as a witness, and was interrogated touching Beckwith's qualifications as an engineer, and in regard to his conduct in the matter of complaint urged by Mr. A. Hendricks. I have no recollection of any attempt on the part of Mr. Williams to exercise any influence upon any member of said committee by any representations concerning Beckwith, in any manner.

His testimony was alone looked to, so far as I was concerned in making up an opinion in said case. I considered his testimony as being of a candid character, and touching only such facts as were enquired into by the committee, so far as I knew. As to the action of the Board, I can only say that they heard nearly all the testimony of Mr. Williams and others, and I supposed that their decision was influenced by all the considerations which usually determine the action of bodies acting upon testimony submitted to their consideration. Mr. Williams seemed to think Beckwith was honest at that time.

G. W. BRANHAM presented his answers to the following interrogatories:

Interrogatory No. 6.

Do you know any thing of a contract made by John Woodburn with Culver Woodburn to store railroad iron for the State? If so state the amount paid said C. Woodburn, and what would have been reasonable for said services?

Answer.

I have no information on this subject but hearsay.

Interrogatory No. 7.

Did you or any of your brothers, at any time, apply for the situation of Mr. Green, either personally or by your friends, verbally or by petition? or have you ever expressed a desire for such situation?

Answer.

I never was, at any time, an applicant for any office under the State on the Madison road; neither have I, at any time, expressed a desire for the situation of Mr. Green; neither would I have accepted such an office, viewing it as an office established and kept up, not because the interest of the State required it, but that some friend might be paid out of the Treasury of the State, and thereby secure greater influence, as is too frequently the case, for selfish purposes. If any one in any way related to me has, at any time, applied for the above office, it is unknown to me.

Interrogatory No. 8.

State if you have not had personal difficulties with the Mr. Green of whom you speak in your previous answers, and whether you do not entertain ill feelings towards him. State further where this Mr. Green is now.

Answer.

That I have entertained towards Mr. Green unfriendly feelings, I shall not

pretend to deny, and I will state that my feelings towards Mr. Green have been such, as every honest man, who, for having publicly spoken of the misconduct of any State officer, shall be by that officer attempted to be injured in character or property, because the authority of his station gives him the power. I will give the facts of but one case by way of explanation. By an act of the legislature of 1837, 38, passed for the protection of the Madison road, it was made the duty of the officer or agent having charge of said road, to see that the law was not violated. Under the provisions of that law, any person who travelled on the excavation or embankments of said road with a horse, wagon, ox, or cart, or any person causing such violation of law, was to be fined \$15 with costs of suit. Under the provisions of this law, there were very few persons who lived near the road, that were not liable to be prosecuted; but no such prosecutions had taken place, and prior to any such, Mr. Green had met several persons while riding on horseback on the road, and at one time, in my presence, he met Mr. John Walker in one of the cuts, on horseback. Mr. Walker spoke to Mr. Green and told him that, as that was the nearest way to town, he should go that way when he pleased, to which Green replied he had no objections. After this, I had some stone quarried on the side of the road, which was to be sent down to the depot at Madison on the cars, and the stone being too far from the road, to load the cars without hauling, I sent two hands with horse and cart to draw the stone to the road; and as there was no way of getting to the stone without going nearly two miles around a farm, or going on the road two or three hundred yards, the latter course was adopted, not anticipating any difficulty, being part of the same road Mr. Green had given Mr. Walker permission to ride over; but Green saw my hands on the road, asked them their names, and commenced suit against each one, which would make the fine \$30; but at the first trial, although the law was positive, yet we proved that no damage had been sustained to the road, and that we were only engaged in bringing freight to the road, to be transported on the cars, and the jury, under the circumstances, determined to disagree, which they did, although Green had employed an attorney who was famous, not for truth or veracity, but for possessing in an eminent degree a talent for low bilingsgate slang, and abuse of all those who come in contact with him. He told me that Green was to pay him \$10 for attending to the suit. As the first trial proved a failure, this attorney selected his own jury to try the case a second time, and as Green was absent and did not know the day on which the trial would come up, his attorney wrote him the following letter: "Mr. Green, Sir: The trial against Moses Thixton will come on, (on a certain day naming the day) and I want you to be sure and come out, and hear me give the Branhams the awfulest blackguarding ever perpetrated in Indiana." Although my name was not included in, or in any way connected with the suit, the blackguarding was perpetrated in accordance with the promise, and the State paid him \$10 for it, so the attorney told me, and as I had no lawyer not having \$10 to pay, my hands were cast and I paid the bill. From that time until the present, I have not had those kind feelings which I desire to have towards all mankind, but which have only influenced me to take a more minute account of the acts of Green, by which I have been enabled to lay more facts before the country connected with him than any other one of the State officers. Mr. Green is either at home or some where on the railroad I presume.

J. L. WILLIAMS being sworn presented his answers to the following questions:

Interrogatory No. 1.

State if you did, on the day of the arrest of Beckwith or at any other time, tell him that he should not be molested for his frauds, if he would say his own estimates were a mistake, and would testify against the contractors. Did you ever say to any body that you had so said to Beckwith?

Answer.

I did not make the statements named in the above interrogatory, nor any thing like it, to any one, on the day of Beckwith's arrest or at any other time. I never made to Beckwith any such proposition as the one alluded to; on the contrary it was my object and intention, from the time I became satisfied of his guilt, to prosecute him to the utmost. I could not have stated to any one, that I had made to Beckwith the proposition named, for the reason that as no such proposition was ever made to him, which I distinctly aver, and which Mr. Palmer's testimony will prove, such a statement would have been an untruth, and that untruth to my own disgrace. I could not have made such a statement, because it is so diametrically opposite to the whole current of my thoughts and intentions at that time, of which I have now a perfect recollection, and which were wholly bent on the prosecution and conviction of Beckwith as the chief offender.

Interrogatory No. 2.

How long have you been in the service of the State and in what capacity during each portion of the time?

Answer.

In June, 1832, I entered the service of the State, as engineer on the Wabash & Erie Canal, in which station I continued until the 11th March, 1836, when I was appointed principal engineer on all the canals of the State. On the 14th September, 1837 my charge was extended also to the roads. From the great extent of the works, however, I could only exercise a charge in general, not in detail. Since the 1st March 1840, I have been, ex-officio, a member of the board of internal improvement and acting commissioner of the Wabash & Erie Canal. Previous to 1st March, 1839, I held my office at the pleasure of the board of internal improvement, subsequent to that date, by election of the legislature.

Interrogatory No. 3.

While acting as chief engineer what particular duties devolved upon you? Did you make the estimates on which the contractors were paid? Had you any thing to do with the disbursements of the funds.

Answer.

As the most satisfactory answer to the first part of this interrogatory, I submit the following order of the board, defining my duties.

"OFFICE OF THE STATE BOARD OF INTERNAL IMPROVEMENT."
Indianapolis, February 17, 1838.

"It is ordered that

The organization and duties of the engineer department for the future shall be the following:

There shall be one principal engineer of the State, whose general duties will be, to carry out the orders of the board of internal improvement in relation to the public works; to exercise a control over the engineer department, and its various officers, subject to the general arrangements of the board; to examine and direct the general principles of the locations on each portion of the several improvements, before the same is put under contract; to prepare and furnish to the resident engineers general specifications, as to the manner of locating and constructing the public works; to prepare and furnish to the different lines, as far as may be practicable, plans and drawing of the various locks, dams, and other important mechanical structures; to attend the various lettings on the several lines, so far as may be in his power, and give such advice as may appear necessary in relation to the plans of the work, and also in respect to the estimates of cost, with a view to preserve uniformity in the contract prices on the several lines, in proportion to the value of the work; to direct and cause to be made such surveys on any and all the lines in advance of the contracts, and preparatory to a final location of the work, as he may think necessary to an economical, safe and judicious location thereof; to keep an office at the seat of government, for the purpose of office business connected with the various lines, in which the maps of the several lines, and plans of the mechanical structures, so far as they are not needed on the lines, shall be preserved; to collect by correspondence and personal inspection, and preserve in his office for the use of the State, important and valuable information and facts in relation to the subject of internal improvement generally; and to make a report to this board annually, embodying such facts as may be most important in respect to the progress of the work on the several lines, and in relation to the surveys and final locations on portions of the improvements not under contract.

Adopted by the State board of internal improvement, 17th Feb. 1838.

J. MORRISON, Secretary."

The estimates on which contractors were paid were made by the resident engineers, who by the contract were made the umpire. I had nothing to do with this branch of the business, further than, at the time of the lettings, to prescribe general rules and principles of settlement, and occasionally to give some advice. I have had nothing to do with the disbursement of the funds. Since I have acted as commissioner my general rule has been, to make all payments large and small, even as small as \$5, by draft on the fund commissioners. By adhering to this rule, no public money, unless it may have been a very inconsiderable amount, has at any time been in my hands, except the receipts of the canal land office, which I have always paid over to the treasurer as received, or so soon as the first opportunity has offered of sending it to the treasury. If at any time, a few thousand dollars of public money have remained in the land office for some weeks or months, it has always been considered as funds over which I had no control, except for its safe keeping. I do not recollect that there has ever been any mingling of the States' funds and my own private funds to the amount of \$50. Accord-

ding to my mode of making payments, I have had no use for any contingent fund.

Interrogatory No. 4.

Had you any charge of the original surveys and estimates of the works embraced in the bill of 1836? State who made the surveys and estimates on each of said works.

Interrogatory No. 5.

What were the total estimates of the works authorized by said bill of 1836? and were said estimates before the legislature of 1836, at the time the bill passed? State how much that estimate fell short of the actual cost, and how you account for the difference. State on what work there was the greatest discrepancy.

Answer to Nos. 4 and 5.

I had no particular charge of the original surveys and estimates of the works embraced in the bill of 1836, except the White Water canal. On this work I gave some general advice, when consulted, in relation to the location and estimates and united with the engineer in his report. I had also the general direction of a locating party which was organized in 1835, for the purpose of ascertaining the heights of the various ridges, streams, &c. for the use of the locating engineers. I also directed the gauging of the streams. The survey and estimates of the White Water canal, the northern division of the Central canal, and of the Wabash & Erie canal, from the Tippecanoe to Lafayette, were made by Mr. Gooding; of the southern division of Central canal by Francis Cleveland; of the Wabash & Erie canal from Lafayette to Terre-Haute by C. T. Whippo; of the Cross-Cut canal by A. Davis; of the Madison & Lafayette railroad by E. Schenck; of the New Albany & Vincennes road by Edward Watts and James Collins; and of the Jeffersonville and Crawfordsville road by Edward Watts. The survey of the several roads here named, were made under the general direction of Col. Howard Stansbury.

By reference to the public documents I find that the reports and estimates of the above surveys were submitted to the Legislature in 1835. On the following works and parts of works embraced in the bill of 1836, no surveys or estimates had been made prior to the passage of that bill: to-wit,

The Erie and Michigan canal; the proposed canal between the Whitewater and Central canal; Railroad from Jeffersonville to New Albany; the stone covering of the Jeffersonville and Crawfordsville road, and the improvement of the Wabash rapids.

If these canals and roads were supposed by the Legislature to cost the average estimate per mile for similar works reported at that time, which is the most natural conclusion, it will give the sum of fifteen millions, nine hundred and forty-nine thousand three hundred and eighty-nine dollars, as the total original estimate of the works embraced in the bill of 1836. The actual cost of these works, as estimated in 1839, assuming the then existing contracts as a basis, exceeded

the original estimates about twenty five or thirty per cent. A part of this increase of cost, particularly on the Whitewater canal and Madison railroad, was caused by the adoption of more permanent and costly plans. But the advance in the cost of provisions and labor is the chief cause. In these items there was an increase from 1835 to '38 and '9 of full fifty per cent. The greatest error in the original estimates appears to have been on the Madison and Lafayette railroad, and the road between Jeffersonville and New Albany, the cost of these lines being as much as one hundred per cent. over the estimates.

These statements have been made up in part by examining all the official papers found amongst the public documents, as far back as 1835, and partly from my own knowledge. To the best of my knowledge and belief they are true.

Interrogatory No. 6.

Did you ever give any advice to the board or to the acting commissioner in relation to the location of the Madison railroad at the river hill?

Answer.

When that location was made I had no charge of the railroads or turnpikes, and was not called on for advice; nor did I give any voluntarily, other than contained in a letter on this subject, of which the following is a copy:

"Indianapolis, July 1st, 1836.

"JNO. WOODBURN, Esq., Acting Commissioner.

"Dear Sir:

"I regret to learn that the Board have not yet been able to procure a principal engineer for your road. Had I supposed you would so long been without the advice of your principal, I would, on my return from the east, have ventured some suggestions in regard to the manner of overcoming the hill at Madison. Whatever thoughts I may submit are not offered in a professional way, (having no right whatever to do so,) but must be received as suggestions coming from a citizen of the State wishing the greatest degree of success to all her improvements. It should be remarked further, that the opinion of your principal railroad engineer, when you obtain one, will be entitled to much more weight than any views of mine.

"In my hasty examination of eastern railroads, I became convinced that inclined planes, requiring stationary power, are not only serious impediments in the free and profitable use of those roads, but add greatly to the cost of transportation, and that they ought to be avoided if possible, even at the expense of increasing considerably the length and first cost of the road.

"Whether the proposed plane at Madison can be avoided or not, I am not prepared to say, having never examined the ground. I only

mean to express the opinion, that if it could be avoided, even by increasing the length of the road four or five miles and introducing a grade as high as sixty or seventy feet per mile for a short distance, the interests of the State and your town would be promoted thereby. So far as the descending trade is concerned, this high grade is not objectionable, as the cars would descend by gravity alone; and as the trade towards the Ohio will always exceed in weight that which passes in the opposite direction, this consideration is highly important. For the ascending trade, an additional locomotive engine must be kept at the point of high grade.

"I have not heard whether any examinations have been made with a view to avoiding the plane. It may be that your engineers have already had their attention turned to it. I should think the object one of primary importance, and that the prospect of accomplishing it was sufficient at least to warrant the expense of a thorough investigation.

"I trust you will pardon the freedom I have used, and attribute it to the interest which I feel in our public works. Allow me to repeat that the opinion of your engineers who are on the ground, and especially that of your principal, when you shall be so fortunate as to obtain one, will be entitled to much more regard than mine.

"Very respectfully yours,

"J. L. WILLIAMS."

I was afterwards informed by the engineer in charge of that location, that it was impossible to avoid the inclined plane, but upon this point, I have no personal knowledge.

Interrogatory No. 7.

Did you attend all the lettings? What precautions, if any, were adopted, to guard against claims for extra allowances, or to guard against favoritism in the settlement with contractors, and were any general rules laid down to secure uniformity in the settlements?

Answer.

I believe I was present at all the first lettings made in 1836 on the canals; attended none of those on the roads, having then no charge of the roads. Of the second series of lettings ordered by the board in 1838, I attended such as time would permit, but they were so numerous during that year, and following each other so closely, that I could attend only a part. At all the lettings on the lines under my general charge as engineer, it was made a leading object with the State officers to have every item of work well understood by the bidders, and also to have a specific price fixed in the contract, for each item of work to be done, so as to leave as little as possible to the discretion of the engineer who should settle the account. In addition to the general provisions of the contract, printed specifications

and notices were always exhibited, stating in detail the manner of performing the work, the manner of estimating and paying for it, and requiring a bid for every item.

The section of the law which forbids extra allowance was also published. On some public works in other States, it was usual to have an item of *hard-pan*, (which is a technical name for hard clay and gravel) at a higher price than other earth excavations. This was the practice in Pennsylvania, as I learn from their reports. But in this State, this item was omitted under the belief, that it leaves too much to the discretion of the engineer. By placing more or less of the earth under this high priced item, the engineer might materially vary the amount of the payment, and as the line of distinction between *hard-pan* and other kinds of earth is not well defined, a wide door for favoritism or error of judgment would here be opened. It was thought the safer course in dividing the various kinds of material to be excavated, to have only three items, earth, slate, and rock. This is following the geological distinction, and leaves nothing to the discretion of the State officers. I think the general rules adopted by the board of internal improvement, in making contracts, were calculated to secure uniformity and equal justice in the settlements and to prevent favoritism, should there have been danger of this.

Interrogatory No. 8.

Did you examine and report upon the question, whether a railroad or a turnpike road should be constructed on the route from New Albany to Crawfordsville? If so, what was the estimated cost of each, and which did you recommend? State also, if you know, which plan of improvement was preferred through the section of country where the road runs.

Answer.

In December, 1838, I examined the route of this road, by direction of the board of internal improvement, in company with two engineers from other States. The object of this examination was, to ascertain the cost of each plan of improvement. We reported the railroad to cost 6,805,959 dollars, and the turnpike 1,806,882 dollars. Our recommendation was in favor of the cheaper work. The choice of the citizens along that route was in favor of a railroad. At least this is my belief, founded upon the action of the representatives in the legislature, and the petitions presented to the board at various times.

Interrogatory No. 9.

At what time was your charge extended to the Madison railroad?

Answer.

On the 14th September, 1837; but only visited the road once dur-

ing that year. I did not assume any particular charge of the work, further than to inspect the character of the masonry and bridge superstructure then in progress. When I accepted the additional charge of the roads, on the resignation of Mr. Pettit, I stated to the board that I could only take a general charge. Their immediate object, as I understood, in desiring me to take charge of the roads was to secure a speedy settlement of the vexed question, as to whether a railroad or turnpike should be constructed on the route from New Albany to Crawfordsville.

Interrogatory No. 10.

State all you know in reference to any understanding between any member of the board of internal improvement and any contractor, as to their payments, in any way, so as to advance the interests of the commissioner; and generally all you know that indicated any disposition on the part of any commissioner, or officer of the State, to speculate by means of his office, to the prejudice of the State, or any contractor.

Answer.

I know of no misconduct such as is described in this interrogatory, on the part of any officer, except Beckwith.

Interrogatory No. 11.

State what members of the board of internal improvement were most opposed to what has been called the patch-work plan of operations, and who most in favor of it.

Answer.

By examining the record of the proceedings of the board under date of the 16th February, 1838, I find that on the question of ordering a letting of 100,000 dollars worth [of] work on the Central canal, between Port Royal and Martinsville, which letting was of the character described in this interrogatory, those who voted in favor of this letting were, Messrs. Blake, Clendenin, Graham, Yandes, and Maxwell, five; and those who voted in the negative were, Messrs. Lewis, Woodburn, and Long, three. J. B. Johnson absent. When the other detached lettings were ordered, it appears that the ayes and noes, if there was a division, were not recorded.

Under date of 2d December, 1838, the annual report of the board to the legislature being under consideration, I find in the proceedings of the board the following record:

“Messrs. J. B. Johnson, E. Long, and Samuel Lewis presented the following dissent from portions of the annual report of the present year, viz: The undersigned feeling unwilling to approve of that

portion of the annual report of the board of internal improvement to the legislature, which calls their attention to a connection of our public works with the railroads of Illinois; and also of that which sets up a defence for some of the detached lettings which have heretofore been put under contract under orders passed by a majority of this board, inasmuch as we believe that no satisfactory reasons have been assigned for the most objectionable part of said lettings; and further, because those portions of said report do, in their opinion, hold out the idea to the public, that the board are still indisposed to concentrate as much as may be, operations on our public works, although we are aware that the majority disclaim any such idea or inference. For the reasons here given, they dissent from the parts of the report above noticed, but feel it their duty to sign it, as they approve of the greater part of it."

"J. B. JOHNSON,
"E. LONG."

"The undersigned has no objection to the portion of the report which calls the attention of the legislature to the railroads.

SAMUEL LEWIS."

Further than this, the records of the board furnish no information in relation to this interrogatory.

N. B. PALMER submitted his answers to the following questions:

Interrogatory No. 9.

Were you present at an interview between J. L. Williams and E. M. Beckwith at the Madison Hotel on 27th June, 1839, in which Mr. Williams first charged Beckwith with his over estimates and frauds?

Answer.

I was present at an interview between Beckwith and Mr. Williams at the Madison Hotel on the morning of Beckwith's arrest.

Interrogatory No. 10.

Did you hear distinctly all that was said to Beckwith at that interview?

Answer.

I heard distinctly all the conversation that took place between them.

Interrogatory No. 11.

Did Williams tell Beckwith that if he would call the over estimates a mistake and testify against the contractors he should not be molested?

Answer.

Mr. Williams made no such proposition as suggested in this interrogatory, nor any thing that could bear such construction.

Interrogatory No. 12.

Was that interview manifestly the first one on that subject?

Answer.

All the conversation indicated most clearly that this was the first disclosure Mr. Williams had made to Beckwith in relation to his frauds.

Interrogatory No. 13.

After leaving the room, did Mr. Williams go directly to the mayor's office without speaking again to Beckwith, and order his arrest.

Answer.

Immediately on the separation of the parties at this interview, Williams went to the mayor's office to make arrangements for the arrest of Beckwith. Beckwith jumped into a buggy and put off to the depot, and Williams sent messengers to the train manager to detain the cars until the officer should arrive, as I was informed.

Interrogatory No. 14.

Do you know of any public officer connected with the public works using the States' money for speculation or other individual purposes?

Answer.

None to my knowledge.

Interrogatory No. 15.

Do you know of any public officer connected with the system loaning the States' money or funds and taking to themselves any of the profits arising by the way of interest, and do you know of other persons being connected in such transactions with such officer?

Answer.

I know of none.

Interrogatory No. 16.

Is there any citizen of Indianapolis who has derived profit by loaning the

public money from the State Treasury or otherwise, which loans were made him by the public officers connected with the system, or any of them.

Answer.

None to my knowledge.

Interrogatory No. 17.

How long were you fund commissioner? and whilst you were said commissioner or treasurer acting as fund commissioner, did you ever derive profit individually by the use of the funds of the State or by lending the same?

Answer.

I was acting fund commissioner from 1st March, 1840, to 9th Feb. 1841; but did not derive any such individual profits by loaning the money of the State, or the use of the same.

DAVID HILLIS answered the following questions.

Interrogatory No. 1.

State if you have ever sold the Madison bond company any Indiana State bonds? If so, how many, and how much per bond did you receive and in what currency paid?

Answer.

I never did.

Interrogatory No. 2.

What do you know of John King being the agent of Madison bond company or agent for any fund commissioner, and what offices or services did he perform for either, and do you know of any corruptions or misconduct connected therewith?

Answer.

I have to say that in the transaction of some business with Mr. John King, he did sign himself agent for N. Noble, fund commissioner. This is all the agency that I know of or recollect at this time. I think the services of Mr. King were paying out bonds to contractors on the Madison and Indianapolis railroad. I know of no corruptions practised by Mr. King.

Committee then adjourned to meet again in the Capitol on the evening of the 15th at 6 o'clock.

J. C. EGGLESTON, *Chairman.*

Agreeably to adjournment Committee met in the Capitol on the evening of the 15th at 6 o'clock. All present.

Dr. CoE submitted his answers to the following interrogatories:

Interrogatory No. 43.

How was it, if the price of money as you state it to be, three per cent. per month, equal to thirty-six per cent per annum, that you was successful in obtaining a cash negotiation at the rate of ten per cent per annum only for Mr. Tousey?

Interrogatory No. 44.

Did you or did you not, in the transaction above alluded to, grant any accommodation or extension of time or use of State moneys either to the Morris Canal & Banking Company or the Cohens or to yourself, as holder of State funds in any way by which Mr. Tousey was enabled to cash the \$100,000; and also, has the State sustained any loss thereby, directly or indirectly?

Interrogatory No. 45.

State what advantage you derived directly or indirectly by the Cohens, cashing the obligations above alluded to. Did you have any part of the difference between the five and ten per cent, in the transaction above alluded to in which Mr. Tousey was a recipient of the proceeds?

Answer to Nos. 43, 44 and 45.

The rate of 3 per cent per month mentioned in my reply was brokers not bank interest. The Cohens were bankers discounting extensively at 6 per cent. as I understood in Baltimore, when at that time I suppose the pressure in the money market in New York from the removal of the deposits was less felt.

In addition to this, however, I took the risk on myself in case the debt due from the Cohens to the State should be drawn out of their hands below \$200,000 before the draft became due, to individually take it up which I should have been obliged to do by getting it again discounted; unless there was any suspicion by our board that the State funds were not safe in their hands, in which case unless they gave other and satisfactory security the funds were to be drawn out of their hands, and I was under no obligation to take up the draft.

On these conditions I obtained the draft discounted at 7 per cent, the difference between which and 10 was somewhere between 15 and \$1600, the exact sum I do not recollect not knowing how many days it was over six months. In doing this I perhaps acted imprudently in taking the risk for the compensation I received, but my object in doing it was chiefly to aid Mr. Tousey, of whom I took 2 per cent less than he offered which would have amounted to upwards of \$1,000 more.

No other arrangement to my recollection was made with the Messrs. Cohens, and not a dollar was allowed to remain in their hands a day longer on account of their discounting the draft, as has been explained in my previous

statement; nor did I grant any extension of time to the Morris canal & banking company on account of the transaction alluded to; nor did I have any of the funds of the State in my own hands, nor am I aware that the State suffered any loss directly or indirectly thereby.

MR. J. L. WILLIAMS submitted his answers to interrogatories Nos. 12, 13, and 14.

Interrogatory No. 12.

State what you know, if any thing, in relation to any speculations being made by any canal commissioner, engineer, or other public officer, in treasury notes, Gallipolis, or other uncurrent paper; or in purchasing the estimates of contractors.

Interrogatory No. 13.

State whether you at any time, have given advice to the board of internal improvement, by their request or voluntarily, as to the policy to be pursued in regard to making lettings on the public works; and if so, what was the nature of that advice?

Interrogatory No. 14.

Please give the actual cost of the extension of the basin at Lawrenceburgh, including surveys, engineering, &c.

If certain individuals promised to pay any part of the construction, then state how much; and whether they have complied with said promise in whole or in part. If not paid, then state how much each one now owes, and what security you have for the final payment; and why the same has not been complied with.

Have any of these individuals been released from their obligation? if so, state who they were.

How much has the property of E. D. John been benefitted by the the extension of the basin at Lawrenceburgh, to his ware-house? give your opinion.

Answer to No. 12.

In regard to the commissioners and engineers, other than myself, I have no knowledge of any such speculations having been made by any one. In regard to myself, I can state that during the nine years of my public service up to this time, I have never purchased any estimate of any contractor, or any claim of any laborer, that I now recollect; have never had any thing to do with Gallipolis paper or other uncurrent money, further than a small sum received for my salary during the years 1839 and 1840, which I paid out for my current expenses; have never speculated in any way in treasury notes,

nor have I at any time derived any benefit by any of these means in any indirect way.

Answer to No. 13.

The board of internal improvements being by law solely responsible for their policy in this particular, they could not of course be governed by the advice of any of their agents; so far as I have observed, the board were induced to commence the works in so many different places, more from the urgent solicitations of the people on the lines, through their representatives, than from any other consideration. At the June meeting of the board, in 1838, when the question of advertising the detached lettings of that year, was under consideration, I felt it to be my duty to remonstrate against such a policy as ruinous in its consequences. I explained my views and forebodings to the board while in session. During the winter previous, when the policy of the ensuing year in regard to the lettings was under consideration, I recollect that in my general conversations with members of the board individually, I expressed the same general views. I think I have never expressed any view favorable to the detached or "patch work" lettings. At that period, however, being myself only an agent of the board, I felt no official responsibility on the subject, but only a general concern with others for the public interest.

So far I have only stated from recollection the views which I expressed verbally. The two letters which follow to members of the board, will more fully answer this interrogatory, and I append them as my reply.

"INDIANAPOLIS, July 5th, 1838.

"DEAR SIR:

I had designed having a further and more free conversation with you before you left this, some few days since, on the all important subjects connected with the progress of our public works, but did not find time.

In common with yourself and several other members of the board, I cannot but regret most deeply the departure from the original policy of the friends of internal improvement, which has been gradually brought about, and which is carried out by the late advertisement for lettings on the several works. This order for contracts not only provides for carrying on all the works at once, but it goes further than this, and on some of the lines seems almost to countenance the idea of constructing every part of every work at the same time. This scattered operation was never contemplated by the original projectors and advocates of a general system of internal improvements. A reference to the writings of that day will prove this. Nor did the idea of letting detached portions of works in the middle of a line, receive any countenance in the first report of the board. For although the first lettings at this place and at Terre-Haute, are thus situated, yet the board refer to these two lettings as deviations from their general policy, for which they give some special reasons. As to their general policy, they distinctly avow their inten-

tion "to put such portions under contract as in their opinion would be soonest productive to the State, and at distances so remote as not to interfere with one another in the price of provisions and labor; and further that the same when completed should be useful and available works, in case war or some other contingency should arise to suspend further operations."

The late order for lettings goes also to scatter the funds much beyond what was contemplated by the present executive in his inaugural address. In describing the plan of operations which he recommends, he says, "It is to concentrate the means of the State on portions of each work, at the same time commencing at the most profitable and commercial points, to be designated by the legislature, or the board of internal improvement, to complete these portions respectively, before others are touched, and as soon as completed put them into use, in order that the State may be realizing something from them, while in the act of finishing the remainder." The late executive (Gov. Noble) likewise in the view taken of this subject in his last annual message (which it has always appeared to me was too hastily rejected by the supporters of the improvements) advocated a concentration of the operations in still stronger terms.

The plan of operations which I am opposing cannot be approved by the sober judgment of reflecting men. The evil resulting from it are too obvious to need recital. Instead of carrying on the improvements with a view to the earliest receipt of tolls, which certainly was the original design, it is expending the fund in some instances so that neither revenue to the State, nor any lasting benefit to the people can be derived until the whole work is completed. Of course I am not objecting to those detached lettings which are sometimes necessary for the purpose of embracing the heaviest jobs, or to obtain feeders required for the navigation of any particular division.

But the cause which produced this change of policy may be inquired for. If permitted to assign a reason, I should attribute the evil chiefly to that unfortunate feature in the original improvement law, which as it has been construed, seems to constitute each member of the board a representative of the particular work on which he may be located. The citizens residing along the several lines, in the middle as well as near the termination, very naturally desire a commencement of the work in their vicinity; they urge their views upon the attention of their commissioner, and considering him in some respects at least, as their representative in the board, expect him to carry out their wishes.

If I am correct as to the leading cause of the error, the remedy against its repetition is obvious. Let this representative feature be stricken out of the law and the board placed upon more independent ground, and made in fact as well in name a State Board.

The many important questions growing out of the construction and management of the public works will make the station of a member of this board, one of the most responsible and important in the State. Much of good or evil to the State must at all times depend upon their action. To guard properly the public weal against the influence of sectional and neighborhood interests, will require that the board be placed upon high and independent ground. At the same time that the board is held to a proper accountability to the legislature, it should be so constituted that it may act regardless of neighborhood excitements, when the interests of the State require it. Such are the respective boards of Ohio, New York, and Pennsylvania, by whom the public works of these States have been so successively conducted. And it was such a board I am sure, that was had in view by the original advocates of the im-

provement system in this State. I know of no State where the representative principle is adhered to in the organization of their board of public works, excepting Indiana and Illinois.

You will observe that this suggestion does not necessarily involve a re-organization of the board. If the laws were changed the board would stand in a different attitude, and would doubtless pursue a policy quite different. I cannot be mistaken in supposing that the unbiassed judgment of every member would lead him to act as you have always acted, in favor of concentrating the operations.

It has been suggested that the interior counties would demand a continuation of this policy of making detached lettings—that they would claim an immediate participation in the advantages resulting from the expenditure of the money, &c. I trust this is not the case. There is a degree of eagerness in the public mind to have every great object accomplished at once, which must be restrained or the public interest will suffer.

From a careful investigation of this whole subject taking the improvements as they are, and looking to the future as well as the present, two prominent measures of State policy present themselves as essential at this time as well to the maintenance of the credit of the State abroad as to inspire confidence at home. The first of these has already been brought to view in the foregoing remarks. It is to direct the energies and the means of the State for some time to come, chiefly to connecting and bringing into use the several portions of each work which have been commenced, and to extending further into the interior those which will be most profitable, and which are more immediately required by the actual business and intercourse of the country. This policy I have no doubt your board are ready to adopt and adhere to, if relieved from their local responsibilities growing out of their representative character. The other measure alluded to is that of making provision for raising prospectively an annual revenue for internal improvement purposes in addition to that which may be derived from the works themselves or from direct taxation. A gradual increase of the stock of the State bank, so far as it may be increased without bringing upon the State the evils of a redundant circulation, will no doubt present the readiest resources for raising this additional revenue.

With the consumation of these measures, and with judicious management of every interest connected with the improvements, the finances of the State may be preserved in a healthful condition, her character sustained and elevated, and the ultimate and entire completion of her great enterprise secured.

Very respectfully,

J. L. WILLIAMS."

J. B. JOHNSON, member board internal improvement.

"INDIANAPOLIS, November 22, 1838.

"COL. THOS. H. BLAKE:

"DEAR SIR: I start to-morrow for Madison, not merely to attend their celebration, but to attend to some business connected with the road. I have kept in view your request, to have my report ready to present at an early day. The necessary information from the several lines comes in slowly, I suppose, on account of the pressing duties of the residents. I think I shall be able to report during the first week of your session.

I suppose you will draw up an outline of your report before you reach this.

I think the friends of the system throughout the State, or a majority of them will favor a more connected operation, for the future, so far as to finish the more profitable portions of the work first. The successful outcome of the system seems to require this. Would it not be better for the board to take the lead, and indicate that this should be the policy hereafter. I merely throw out the suggestion and may enlarge upon it in my report. The friends of the improvements in the legislature and in the board should act together, and whatever changes are necessary should be made by them."

Very truly,
J. L. WILLIAMS."

Answer, in part, to Interrogatory No. 14.

Answer to the interrogatory in regard to the extension of the canal at Lawrenceburgh.

The total cost of this extension I cannot give until I receive a letter from the resident engineer, which I expect by Monday. The books in which such estimates are recorded are always kept on the line, and not in my office. I will submit this part of the answer as soon as possible.

The contracts with individuals in relation to the construction of a part of this work, were made by the then acting commissioner without any agency of mine, and the papers were by him handed over to Dr. Mason. In looking over Dr. Mason's papers, I find a note of Jer. H. Brower and E. D. John of which the following is a copy.

"LAWRENCEBURGH, 10th Dec. 1839.

"On the first day of July next we or either of us promise to pay to the order of N. Noble, canal commissioner seven hundred dollars, it being for the expenses of embanking so much of the White Water canal as passes through the lands of J. H. Brower, negotiable and payable at the Lawrenceburgh branch of the State bank of Indiana, for value received, with interest from the first day of January next."

\$700

[signed]

JER. H. BROWER."
E. D. JOHN."

"E. D. John has made the above his debt by an agreement with Brower and he alone is to pay."

[signed]

N. NOBLE."

On the back of the foregoing note, I find the following endorsement.

"Pay the fund commissioner of Indiana 10th December, 1839.

"N. NOBLE, commissioner."

I do not know whether there have been any other obligations given or not. I find no others here. I do not know, nor have I any reason to believe that any one has been released except as shown on the above note. The only security on the above note is that of Mr. John who is no doubt entirely responsible. I do not know the boundries nor the extent of Mr. John's property at Lawrenceburgh, and cannot form an opinion as to the amount of the benefit conferred by this extension. His ware-house and mill property is now very conveniently situated for business with the canal, and the ware-house and the ground adjoining is considerably more valuable than before.

J. L. WILLIAMS."

Answer to second part of Interrogatory No. 14.

In answering the first branch of interrogatory No. 14, I state that the whole amount paid to J. Kyle, contractor, for extending the White Water Canal from the upper basin to the river, so as to pass canal boats to the steam boat landing, according to the Engineer's register, is, - - - - - \$7,998 55

In addition to this, a culvert was made under the street, which would not have been necessary in the plan of constructing an outlet for water power only adopted by Gen. Long, which culvert has cost, - - - - - 708 96

\$8,707 51

This extension was estimated by Mr. Holman, in his report to me dated May 13, 1839, to be seen in the report of the board of that year, (see plan No. 2,) at \$9,588 92, which shows a near agreement. The engineers who superintended this work, were employed on the whole line at the same time, and it is therefore difficult to separate this cost from other expenses. Perhaps \$500 would come near it. But this expense would have been about the same on Gen. Long's plan, and therefore should not be added to the amount.

When I speak of Gen. Long's plan in this statement, I mean the plan upon which he contracted for the work, that is to make the tumblers and a canal to the river for an outlet, and for the purpose of bringing the water power into use, without taking the boats to the river. The tumblers being equally necessary, with or without the extension, their cost is not included in this statement.

By the report of Mr. Holman, (see plan 3,) before referred to, it will be seen that the cost of extending the canal to the river, for the purpose of water power, as let out by Gen. Long, including the expense of a lock to take boats to the river, was estimated by him at \$20,489 70.

I am requested by Gov. Noble to append the following letter in explanation of the note of Brower and John, submitted in the partial answer made to this interrogatory a few evenings since.

"JESSE L. WILLIAMS, Esq.,

"Sir—The note for \$700, executed by Jeremiah H. Brower, and Enoch D. John, at the time I made the agreement with them, and the other proprietors of land for building the front bank of the canal through their respective grounds, was transferred by me to the fund commissioners, as it should be, and was left at the Lawrenceburgh Branch Bank for collection; and not having any thing to do with the collection of moneys in my character as canal commissioner, I gave no further attention to the note. Since my appointment as fund commissioner, the Cashier of the Branch, enclosed me the note. I called on Mr. John, for the money, who claimed a credit for materials furnished in the construction of the canal, assuring me of his readiness to

pay the balance of the note when the amount of his claim should be ascertained by the proper officer. Doctor Mason, the acting commissioner, being then, and for a long time since, confined with sickness, and having no authority to make allowances of the kind myself, I transferred the subject to him since his arrival at Indianapolis, with a memorandum at the foot of the note stating that Mr. John, was to pay the money, as he and Doctor Brower had told me. The engineer in a letter a month since, states the work not paid for to amount to \$551. From this sum will be deducted any allowance that may be made by the proper officer for the materials claimed by Mr. John; but no allowance can be made, until the acting commissioner is released from duties here, and has time to see to the extent and correctness of the claim. When this is done, the balance of the note, with interest, is ready.

Having but recently returned from the east, and being sufficiently employed in my other duties since, and finding it out of the power of the commissioner to see to the claim of Mr. John, the payment of the balance due on the note of Messrs. Brower and John could not be adjusted sooner."

Yours respectfully,

N. NOBLE."

Mr. D. C. BRANHAM presented his reply to interrogatory No. 8.

Interrogatory No. 8.

Mr. D. C. BRANHAM will please state the precise date if he can, when it was that he heard Williams say that he made the proposition to Beckwith, spoken of at the close of his 7th answer, as to not molesting Beckwith, if he would do certain things. State also, when it was and who was present and heard the same, if any body. If the date cannot be precisely stated, state whether it was before or after the arrest of Beckwith, and how long before or after.

Answer.

In answer to your 7th question, I do not say, that I heard Mr. Williams make the proposition to Beckwith. I say that I heard him, Williams, say he had done it. I cannot give dates precisely, for after Beckwith's arrest and conviction, I did not ever expect to need the papers connected with that matter again; and as it has been more than two years since, the committee will see that it would be impossible for me to be precise about dates from memory. At the letting at Vernon in June, 1839, it was confidently asserted among some of the contractors, that Beckwith's accounts had been examined, and that he could not or would not explain some errors in them. I heard no more about it until several days afterwards, Mr. Williams was at Madison, when one morning just as the train was about leaving the depot, Messrs. Branham & Co. who had leased the Railroad from the State, and Mr. Sering conductor on the part of the State, received the following singular note as near as I can recollect.

MADISON HOTEL, (*Date not remembered.*)

Messrs. Branhams & Sering :

You will not permit the cars to leave the depot, until you hear from me again; nor are you to tell the reason of their detention to any one.

Signed,

J. L. WILLIAMS.

In about an hour after the usual starting time, which was nine o'clock in the morning, the officer came and arrested Beckwith; I did not go with the cars to Vernon that day, but went to the Mayor's office at Madison, to hear Beckwith's examination. From the best of my recollection it was on the pavement near the Mayor's office, that I saw Mr. Williams, when he asked me if we received his note of that morning, I being one of the firm of Branhams and Company. I told him we did, and could not understand it until after Beckwith was arrested. I then remarked to Mr. Williams, that he took snap judgment on Beckwith. Mr. Williams in reply to this remark, made use of the language, I say he did in answer to your seventh question. I think there was no person heard the conversation alluded to between Mr. Williams and myself, as it grew out of the note Mr. Williams sent us the morning of Beckwith's arrest.

THOMAS A. MORRIS submitted his replies to interrogatories Nos. 10 and 11.

Interrogatory No. 10.

State distinctly whether all the matters in controversy about this profile on Hendrick's section, were not settled at the arbitration by Steely and Lapham; and whether the falsity or truth of that profile has had or can have any possible influence upon the amount to be paid Hendricks.

Interrogatory No. 11.

Please state whether you made a careful estimate of Mr. Hendrick's section at Madison, in July 1838, and also in December 1838, at the request of Mr. Williams? and if so, what sum did you find due him at each estimate over the sum estimated by Mr. Beckwith, making allowance for the previous month's work? State generally, what was the result of your investigation, whether they did or did not furnish proof that Beckwith's estimates were entirely wrong.

State also whether your estimates were dependent in any way upon a certain profile said to be erroneous; and state, if you know, if the errors of that profile could have had any effect upon the monthly or final estimates of the section, or whether such estimates were made from other notes.

State also, whether you were present at the re-measurement of the section in 1839, by Messrs. Steely and Lapham, and if so, what in-

crease they made beyond the estimates of Beckwith the month previous.

Answer to No. 10.

The award made by Messrs. Steely and Lapham, was made out from new levels taken by themselves; and from their calculations from these levels the final estimate was made; and of course none of the errors of the profile can have any thing to do with the amount to be paid Mr. Hendricks.

Answer to No. 11.

I made estimates of Mr. Hendrick's work about the times mentioned. I do not believe that these estimates show any thing to be due Mr. Hendricks over Beckwith's estimates, after allowing for the work that had been done. The following statement of a few of the estimates prior to those made by myself, will show this.

On 31st May, 1838, the payment on the estimate made by Beckwith, is	-	-	-	-	\$1,582 00
On 30th June, 1838, the payment on the estimate made by Beckwith, is	-	-	-	-	1,587 00
On 31st July, 1838, the payment on the estimate made by myself, is	-	-	-	-	1,431 00
On the 30th Sept., the payment on the estimate made by Beckwith, is	-	-	-	-	1,290 00
On the 31st October, the payment on the estimate made by Beckwith, is	-	-	-	-	2,130 00
On the 27th Novem., the payment on the estimate made by Beckwith, is	-	-	-	-	5,159 00
On the 31st Decem., the payment on the estimate made by myself, is	-	-	-	-	2,641 00

From the investigations that I made, I was not convinced that Beckwith's estimates were wrong.

My estimates were not, to my knowledge, in any way dependent upon the errors of the profile. I had no use for the profile in my estimates, as I used "final quantities," previously calculated and recorded in the office; and as I understood the explanation of the erroneous profile, its errors did not affect these quantities, as it was made out after these quantities were calculated from the levels: and, in making the profiles an error was made in setting down levels at one point, which should have been placed at a different point.

Both the monthly and final estimates are made from the recorded quantities in the office, and not from the profile, and of course could not be affected by the errors of the profile.

I was at Madison at the time of the re-measurement of the section by Messrs. Steely and Lapham; the amount of the award at that

arbitration was 4,835 dollars. In this sum there is 3,000 dollars for extra items, which I think was not allowed before; leaving a balance of 1,835 dollars to pay for the work done since the previous estimate, and for errors in previous calculations. The monthly estimate previous to this arbitration, was July 1st, and the amount paid 3,320 dollars 17 cents. The award of the arbitrators is dated 13th July, and their measurement was made from levels of their own, which had nothing to do with the levels before taken on the section by Beckwith.

In both the estimates which I made on Mr. Hendrick's work, I used the final quantities, calculated at that time, and recorded in the office, I suppose, by Beckwith; my instructions not requiring me to take new levels all over the work as was done by Mr. Steely.

JAMES TILTON presented his answers to the following interrogatories:

Interrogatory No. 1.

State whether you were an engineer on the Madison road? If so, state what you know in reference to a false profile, and why it was false?

Interrogatory No. 2.

State whether the falsity of the profile could be detected, without the use of the level and careful examination?

Interrogatory No. 3.

State whether Mr. Williams the chief engineer ever levelled the ground at the hill? and was it his duty as chief engineer to lay out such work, or were his duties of a general nature.

Interrogatory No. 4.

State in what particulars the profile was false and who made the profile?

Interrogatory No. 5.

At what time did you first begin to doubt Beckwith's honesty, and what circumstances first excited your suspicions, state if you know or have any reason to believe whether John Woodburn had any intimations of Beckwith's dishonesty prior to his arrest? State if you saw any disposition on Woodburn's part to prosecute and bring Beckwith to justice.

Answer to No. 1.

I have been employed on the Madison road for the major part of the time since 1836, first as rodman, and afterwards as assistant engineer, until the 1st of the present month. I have seen a profile of section number two on the hill at Madison, which at the time of the arbitration on said section was repu-

ted to be false, but I do not know it to be so from personal examination. I understood it to be false because it did not exhibit a true elevation of the ground.

Answer to No. 2.

It is not my opinion that the falsity of the profile could be demonstrated to a certainty, although it might be strongly suspected, without the use of the instruments.

Answer to No. 3.

I do not think that Mr. Williams ever leveled any part of the hill, nor do I consider it any part of his duty as chief engineer to perform instrumental work on the line, his duty being in my opinion, the exercise of a general supervision of the work.

Answer to No. 4.

The profile was made by E. M. Beckwith, and as stated in answer to question number two, I do not know it to be false from any personal examination, nor do I recollect in what particulars it was alleged to be false, other than it did not exhibit a true elevation.

Answer to No. 5.

Sometime in April or May 1839, I received from J. H. Sprague, then an engineer on the road, some information which first induced me to suspect Beckwith's honesty. Sprague made no specific charges at that time, but detailed circumstances relative to his profuse expenditure, coupled with hints of rascality which with the knowledge I was in possession of relative to his resources, led me to suspect that he was defrauding the State.

I have no knowledge of John Woodburn's receiving any intimations of Beckwith's dishonesty prior to his arrest, and I was not in Madison at the time of Beckwith's arrest, and but for a short period during his prosecution. All that I know of Woodburn's conduct at the time of Beckwith's arrest is from hearsay.

A. HENDRICKS submitted his answers to the following questions:

Interrogatory No. 14.

State every fact and circumstance relative to the slip on the job in which you were interested on section number two, on the Madison & Indianapolis railroad, which will in any manner tend to show its nature, its extent, the cause of it, how much the interests of the State suffered in consequence of it, who were the person or persons who should have taken measures to prevent it, and what measures you took to inform such person or persons of the danger of its occurrence, and what was the result of your efforts on that subject?

Interrogatory No. 15.

In speaking of the arbitration in answer to the 5th interrogatory, you say that you believe you ought to have had \$10,000 more than you did get, if certain proof could have been heard, &c." Please state the total amount of profit made by the firm of A. Hendricks & Son, on your section number two, Madison road, agreeably to the best of your knowledge and belief, upon the settlement made, including the amount now due you from the State.

Interrogatory No. 16.

Please state whether you, or your son, have, at any time laid before Mr. Williams any claims for extra allowances on section number two, which he has not allowed you. State particularly whether you have claimed allowance for making a cut through the side of the excavation on section number two for the purpose of casting out the materials, and what was the probable amount of such claim, and was it allowed or disallowed by the principal engineer?

Interrogatory No. 17.

In your answer to the 5th interrogatory, you say that you laid before the board "the affidavits of twelve respectable men living in Madison and its vicinity, stating that he (Beckwith) was unfit and unsafe for the duties of the office he held." Please inform the committee the names of these twelve men, and state what was their particular knowledge of Beckwith's duties, and their qualifications for judging of his fitness therefor. State whether any, and how many of them were contractors on the road, and how many of them were in your employment.

Interrogatory No. 18.

In answer to the 5th interrogatory you say that at the investigation before the board in December or January, Mr. Williams "sustained Mr. Beckwith." Please state what Mr. Williams said in Beckwith's defence, or the substance of it.

Interrogatory No. 19.

In your answer to the 6th interrogatory you say that "Beckwith was continued in the service of the State about two years and a half after we complained first to Mr. Williams." Please state the date of your first complaint to Mr. Williams, and also the date of Beckwith's arrest.

Answer to No. 14.

In the first place I believe the location to be a bad one: the embankment runs along a steep hill side; it is covered over by a surface of limestone soil, some several feet in thickness, under which the horizontal layers of rock makes its appearance as the earth is removed. Thus I have spoken of its nature; its extent I cannot well describe. It ex-

tends to the foot of the hill above spoken of, and some considerable distance on the almost level, or what is called commons, at the foot of the hill. This slip is in regular progress, except as the weather fluctuates, and has been for more than three years past. Great rains gives it a start; and long dry spells of weather causes it to rest. The consequences of this slip is, as I have above stated, the steepness of the hill, softness of surface, &c. We were ordered to borrow earth from the upper side of the line, and throw down on which our rock cutting was afterwards thrown. I, at various times, called the attention of Woodburn and Beckwith to this spot, and wanted them to allow us a foundation; and, after all I could say in private, I called their attention to it in the presence of others. Then we addressed them in writing, as stated by my son, pointing them to the spot where this earth was thrown, and where the slip occurred, and asking written instructions for the safety of the bank. Still we could get nothing done. I then gave up any further effort with them. In the November following; on the evening before the celebration of the running of the cars, Mr. Williams came along on his way to Madison. I called his attention to the subject. I begged him not to leave until he directed something to be done to guard against the slipping of the banks, as I had predicted. I told him all that saved it now was the dry weather;—*One good rain, said I, and we are landed in ruin.* Then I pointed to several of the consequences of a slip, and pressed the matter (upon Mr. Williams) for some considerable length of time; *but all in vain.* On Friday of the same week the earth broke (Nov. 1838) under the bank, and has been moving more or less ever since. I have no data before me to enable me to say to the committee how much the interest of the State has suffered by this disaster, neither do I believe this bank will be permanent for several years to come. I think the State has, by the detention of the job, in connexion with every other consequence of the slip, been worsted to the amount of forty or fifty thousand dollars; and still there is no permanent bank.

Answer to No. 15.

In my reply to No. 5 my answer reads thus:—"The profile was by Beckwith acknowledged false; and could we have proved some work which was concealed and covered up, and which ought to have been accounted for, I believe we ought to have had about ten thousand dollars more than we did get. As my answer to No. 5 is not truly set forth, I therefore decline any further answer to the above question.

Answer to No. 16.

I cannot answer for my son further than to say, I suppose he never asked or got from the principal engineer any extra allowances. In consequence of the slip in our embankment, and in accordance with a precedent set by the board of arbitrators, we were paid for a great quantity of work not set forth in our contract, an account of which

was kept by our overseers, transcribed by my son, and which I believe was always allowed by Mr. Morris as state work. I did claim, and do yet claim, an allowance for a cross-cut, entering the main line of track through which we carted out rock, and which was used as a road, and branched out in various roads, several of which was Mac-Adamised, and kept up at our own expense, and for which we asked nothing. The cross-cut was ordered by Beckwith, and we ask for making it two thousand dollars.

I have no means by which I can know or say certainly, but do believe I have never laid any claim before the principal engineer for any extra allowance except the above; therefore he has never paid us any direct extra claims, according to my present recollection.

Answer to No. 17.

I cannot now recollect all the names, but will enumerate a few: viz., Judge — Finacle, Thos. Alexander, Thos. Stribling, A. Eccleberger, David C. Branham, Wm. H. Branham, Elias Stapp, John Waterman.

Three of the above were contractors, and I think Alexander Williamson was one of them; if so, he being an overseer in our employ, and the only one. But as those papers with some others, were detained as the property of the Board of Internal Improvements, and of course ought to be in the office, Mr. Williams can produce them; and, for the unimpeachable character of the men I refer you to Mr. Bright and Mr. Marshall; and from this, the committee can form an opinion of them and their qualifications to judge of Beckwith.

Answer to No. 18.

He stated that the profile (which was false) was a true one.

Answer to No. 19.

As near as I can recollect it was early in January, 1838, that we complained. I cannot tell, without reference to papers which I cannot now command, the date of Beckwith's arrest.

OMAR TOUSEY submitted his replies to interrogatories Nos. 7 and 8.

Interrogatory No. 7.

Did you learn in any way on what conditions the Cohens discounted the acceptance of the Morris Canal and Banking Company for 100,000 dollars?

Answer.

My reply to interrogatory No. 7, is, that I have no distinct recollection of ever having seen the acceptance of the Morris Canal and

Banking Company, but I know of no reason to *doubt*, but what such a document might have been taken by Doct. Coe, as the proceeds of the sale of 100,000 dollars of State bonds, and that it was discounted by Cohens. And my recollection is, that when I called at the bank of Cohens, in Baltimore, to draw the check referred to in my answer to a former interrogatory, one of the Cohens *informed me*, that there was an amount of money in their hands subject to the order of *Doct. Coe*, or the fund *commissioners*, and that they had made the discount for *Doct. Coe*, taking a pledge or *writing* from him, that if the funds in their hands should be drawn out before the money should be realized on the discounted paper, that said paper should be received from them in part payment.

I do not know the rate of discount paid by Doct. Coe, but at the time supposed it to be the same rate of interest that the *deposit* was drawing, or *common bank* interest. The transaction took place in 1836, and I have to speak from memory.

Interrogatory No. 8.

What do you suppose you could have obtained in cash for the 100,000 dollars in bonds, if Doct. Coe had not aided in this sale?

Answer.

My reply to interrogatory No. 8, is, that without Doct. Coe's assistance, I do not think I could have realized ninety cents to the dollar for State bonds.

H. STEWART submitted his answer to interrogatory No. 4.

Interrogatory No. 4.

Please state what knowledge you have of contracts being let on the public works to individuals, at higher prices than other bids of equal responsibility.

Designate particular works, if any cases occurred; and persons also in office, and those making application for contracts.

Answer.

I believe sections 41 and 41½ on the grading of the New Albany and Vincennes road, was let at higher prices than we (Stewarts) bid, to men that were not contractors on any work previously; how much higher, I cannot say, without examining the final estimates in the engineers' office. Gen. Clendenin was the commissioner at the letting.

The following resolution was adopted by the committee:

Resolved, That Noah Noble and Milton Stapp be requested to appear before this committee on Monday evening next, and explicitly to state whether they will or will not authenticate under oath their several reports; and after said authentication, if so done, this committee will, when they next convene, do so at the office of the fund commissioner, for the purpose of investigation into the subjects referred to in the reports of said Stapp and Noble.

Pursuant to adjournment the committee met in the Capitol on the evening of the 17th. All present.

WILLIAM HENDRICKS presented his answer to the following interrogatory:

Interrogatory No. 4.

State all you know in reference to the manner in which the officers of the State, connected with the system of Internal improvements, have managed in reference to the embankment made by Mr. A. Hendricks and Son, on the Madison road, where the slip has occurred; and who those officers were, having charge of that work. State all you know in reference to said officers having been importuned to have a foundation to prevent said slip, and what detriment the State has suffered in reference thereto.

Please state explicitly all you know about the false profile at the Madison hill, and remeasurements made by T. A. Morris?

Answer.

I was present at one time during the progress of the embankment referred to, at a conversation between A. Hendricks and Beckwith, in which Hendricks told Beckwith that the embankment, at a particular place, which he pointed out to him, would slip, and his direction was requested as to the foundation which ought to be made to prevent the slip. Beckwith gave none. I learned from this conversation that the matter had been talked of between them before that time. The place pointed out by Hendricks was one where the slip afterwards did take place, and I believe his opinion has generally been verified on that subject. The slip on the hill was for a long time very troublesome, and has been very expensive to the State.

In relation to the profile of the section referred to I can state, that at one time in which A. Hendricks complained of the injustice of Beckwith and the incorrectness of the profile, he took Mr. Collins, the city surveyor, out with his instruments, at which time the incorrectness of the profile was determined by Mr. Collins, and so visible was

its inaccuracy that it could readily be perceived by the naked eye. I refer in this to the two stations only. Beckwith afterwards, or at the same time, I do not recollect which, acknowledged its inaccuracy in my hearing.

JAMES MORRISON presented his answers to the following interrogatories:

Interrogatory No. 1.

Please state whether you were secretary to the Board of Internal Improvements on the 4th January, 1839, and whether you heard all the charges and the testimony offered in the investigation of the conduct of E. M. Beckwith, at that time, and what was the effect of the testimony on your own mind? Did you think the testimony was calculated to produce the impression upon an unprejudiced mind that Beckwith had acted in any way corruptly; or was it rather calculated to shew that he aimed to be vigilant in guarding the interest of the State? What was the spirit and temper manifested by Mr. Hendricks in making the charge, and what impression was it calculated to make upon the mind? State also, as far as you know, whether Mr. Williams attempted to exercise any influence with the board in favor of Beckwith further than to give in his testimony when called on so to do? State generally what you know upon the subject of this interrogatory?

Answer.

I was the secretary of the Board of Internal Improvement at the time that charges were preferred by Mr. A. Hendricks against E. M. Beckwith, resident engineer on the Madison and Indianapolis railroad, and heard all the testimony given on the investigation of the charges, which investigation was before a committee of the board.

The "effect" of the testimony was the acquittal of Beckwith, as will appear by the records of the board.

I do not "think the testimony was calculated to produce the impression upon an unprejudiced mind, that Beckwith had acted in any way corruptly;" but that it was "rather calculated to shew that he aimed to be vigilant in guarding the interest of the State."

With regard to the "spirit and temper manifested by Mr. Hendricks in making (or rather in his efforts to sustain) the charges, and the impression they were calculated to make on the mind," I can only state what I thought at the time and still think was quite apparent:—that is, that Mr. Hendricks cherished towards Beckwith the bitterest ill will, and that throughout the investigation this temper was continually manifesting itself in expressions and conduct which would have been justly considered a flagrant breach of decorum by any respectable tribunal.

The "impression that this was calculated to make" would be, of

course, as I suppose, to attribute the motive of the prosecution to some other source than either public or private duty.

I do not "know that Mr. Williams attempted to exercise any influence with the board in favor of Beckwith," nor do I believe that he did.

Being myself retained by Beckwith, to defend him before the board, and believing that he was innocent of the charges, I felt solicitous that he should have a fair trial; and, in so far as his professional conduct was involved, I felt confident that Mr. Williams's opinions would materially sustain him. Mr. Williams, however, seemed to me to be unnecessarily careful in preserving silence during the progress of the investigation, and to manifest a resolution to say as little as possible about it, except when under oath as a witness.

Interrogatory No. 2.

When charges were preferred to the Board of Internal Improvement against E. M. Beckwith, by A. Hendricks and others, what course was pursued by John Woodburn during the investigation? Did he use or attempt to use any influence to prevent a full investigation, or to favor said Beckwith in any way? Please state fully in relation thereto.

Answer.

Mr. Woodburn, as far as my notice of his course extended, took no part in the investigation of Mr. Hendricks's charges against Beckwith. He "did not use or attempt to use any influence to prevent a full investigation, or to favor Beckwith in any way," so far as my knowledge extends.

Mr. Woodburn, before and during the investigation, in private interviews between us, several times disclaimed all intention to interfere one way or the other, giving as a reason that some of Hendricks's shots were more directly levelled at him than at Beckwith.

A. HENDRICKS returned his answer to the following interrogatory :

Interrogatory No. 20.

Did or did not J. L. Williams, sometime in the summer or fall of 1840, admit to you at the Madison Hotel, that it was matter of deep regret to him that he had testified before the board of internal improvement, to the truth and correctness of the false profile, made out by E. M. Beckwith, of your section on the Madison road, or words to that effect?

Answer.

In the fall of 1839, Mr. Williams did admit to me, in an upper room in the Madison Hotel, that it was a matter of regret to him that he

had given incorrect testimony before the board of internal improvements. I told him I did not charge him with intended perjury; and he replied, that he was deceived by Beckwith, and that he had not sufficiently examined the profile, or words to that effect.

WILLIAM S. HUBBARD submitted his answers to interrogatories which follow:

Interrogatory No. 4.

Mr. W. S. Hubbard will please state whether the drafts issued in the names of the contractors at the settlement made in 1840, were paid by the Madison Company? And by whom were they returned to the office of the fund commissioners, and to whose credit were they entered?

Answer.

The drafts alluded to were delivered to me about the first November, 1840, by Gen. Stapp. And upon the authority of Gen. Stapp's letter asking for the funds with which to make the payment, they were entered as a payment by Gen. Stapp.

Interrogatory No. 5.

Do you know of any false entries having been made upon the records of the fund commissioners? If so, by whom made? And whether you have ever been directed by any one to make entries different from the facts, and who so directed you? And, generally, state if you know of any inaccuracies or errors have been made as aforesaid, what they were and who made them, and the consequent injury to the State.

Answer.

There is but one entry on the books, the correctness of which I have in the least been disposed to question, viz: In 1839 an entry was made of the sale of 47,000 dollars of the bonds of the State to H. Roop, for which there was received in cash, 1,360 dollars. This was so reported to this office by Gen. Stapp. He since reported to have received a deed for a house and lot in Buffalo, at 7,000 dollars, and not the 1,360 dollars in cash as before reported both to the legislature and to this office.

Interrogatory No. 6.

Do you know of any advantage of exchanges, use of moneys, &c. by which any fund commissioner, or any officer in the pay of the

State, has been benefited, which has not been credited the State? If so, give particulars.

Answer.

I know of none whatever.

VICTOR KING returned his answer to the following interrogatory.

Interrogatory No. 1.

Relative to a very considerable loss spoken of by you, in relation to a bad sale of state bonds, state if you have refunded the same to the State, or any part thereof. If paid in bonds, state at what rate you purchased said bonds, and how many, and at what rate did you pay said bonds to the State? If paid in money, state in what currency paid.

Answer.

In the sale of the 180 bonds taken of General Stapp by the company, one of \$40,000, was made to the Seneca County Bank, of which the company had a credit by General Stapp as fund commissioner of \$12,000, received by him of the Seneca County Bank, the balance is still due the company, and we very much fear it will be an entire loss to us. We have paid the whole amount to the State, by 20 bonds which we paid at 88 cents to the dollar; about \$2,000 in treasury notes, and the balance in estimates, all in our settlement with the fund commissioner of January 26, 1841. These bonds we purchased at 75 cents to the dollar, which are the same bonds mentioned in the testimony of perhaps all the members of the company.

DAVID HILLIS submitted his answer to the following interrogatory

Interrogatory No. 1.

State whether you have been receiving state bonds, or other kind of pay for your work on the Madison and Indianapolis Railroad north or south of Columbus, and on contracts old or new; if bonds, at what rate, agreeable to your certificate; if otherwise, at what rate and in what paper or currency, and by whom paid.

Answer.

I did receive pay as a contractor on the Madison and Indianapolis Railroad, both north and south of Columbus. Having no dates before me, I speak from recollection. I received two bonds from Mr. John King, either by written or verbal order of Gov. Noah Noble, fund

commissioner, which bonds I sent to New York and had them sold, I received for them between 50 and 55 cents on the dollar in New York funds. I received also an order on N. Noble, from Mr. John King, who signed himself the agent of N. Noble, fund commissioner, for two bonds, and I sent it on by Mr. Hubbs of Madison to New York, to receive them from Gov. Noble and sell them for me at the best price he could get. Mr. Hubbs told me that he received no bonds on the order, but that Mr. Noble said he would try and get one bond and sell it for me; he did as I understand Mr. Hubbs get the bond and sold it and sent me a check by Mr. Hubbs, payable in eastern funds. The check was for a sum a little above \$500. This was in 1841. I also received at different times in currency from General Milton Stapp, some Gallipolis, Manhattan and some on other banks in Ohio, the amount I do not recollect.

I also received of Gov. Noah Noble, treasury notes in fives and fifties, amount not recollected; and \$500 also, in Gallipolis paper, for all of which currencies the said Stapp and Noble took my receipt, for which I was to return the same amount of estimates at the next payment. At my earnest request, and for my accommodation, General Stapp exchanged with me about \$2,000, of treasury notes in fifties for estimates, allowing him the interest thereon, and at another time I exchanged estimates with him for a little above \$1,200, in \$50 treasury notes.

At a settlement with Mr. John King, for the first two bonds alluded to, I think I allowed him about one half of the usual discount on the bonds. I also entered into an agreement with Mr. John King, for about \$3,000 in currency, instead of bonds at 87 cents on the dollar, which agreement has been complied with and cancelled. This agreement was made some considerable time since, but cannot recollect the date. The foregoing statement is *wholly* from recollection as above stated, having no dates before me.

JOHN R. MORLEDGE submitted his answers to the following interrogatories.

Interrogatory No. 1.

Were you an engineer on the New Albany and Vincennes road, during the time it was being metalled or McAdamized, east of Paoli? If yes, state the nature and extent of your duties. State whether the contractors complied with the conditions of their contracts generally. Whether the stone was broken to the required size, and put on to the proper depth. State also what you know about a loss of \$40,000 said (by Robert Stewart in answer to one of the interrogatories propounded to him by the committee) to have been sustained by the State, in consequence of the failure on the part of contractors to conform to the requirements of their contracts. State all you know upon the subject.

Interrogatory No. 2.

State what you know in relation to drafts said to have been issued to contractors by L. B. Wilson—whether you know or believe that any drafts were issued by said Wilson to contractors on said road—state all you know upon the subject.

Answer to No. 1.

I was an engineer on the New Albany and Vincennes road, during the time it was being metalled. The nature of my duties was that of a senior assistant engineer, and commenced on the first of July, 1839; and from that day until sometime about the first of October, 1839, my duties were confined to the first twenty sections of said road, to-wit: beginning at New Albany, and extending twenty miles on said road toward Paoli. After the first day of October (or sometime thereabout) until I left the service of the State, which was on the first of December, (said year 1839,) my duties were extended on said road to Paoli, a distance of forty one and one half miles, at which time the metalling on most of the sections was finished. Of the sections then in progress some were finished under my directions, and some were in an unfinished state when I left the line. The contractors generally complied with the conditions of their contracts so far as my charge extended, and so far as the road was completed when I left the service of the State, at which time several sections were not finished, and whether they were ever finished I cannot say, not having been on the road since. I would here state that some sections had the first coat of metal (six inches in depth) on and only a part of the second, when the contractors suspended operations; if such sections have never been finished, it would be very natural for persons who merely pass over the road, or those who might take the trouble of measuring the depth of metal at such points to draw the conclusions sworn to by Messrs. Stewart and Frazer. I do not now recollect how many sections were in this situation, but I know some of them were in an unfinished state, and the travel was turned into the road and men stationed on the proper divisions to rake and keep the road in order. As to breaking the stone to the proper size it was generally done in accordance with the specifications, but as is always the case, some, and I may say a great many pieces of stone are thrown in, that are not so small as called for, which large pieces will always work to the surface by travelling on the road while the metal of the proper size is consolidating below, thus representing to the casual observer metal entirely too large to agree with the requirements of the specifications. These pieces the rakers should keep breaking until the whole become consolidated. Another cause of the metal appearing too thin on some parts of the road where it had actually been put on to the proper depth, is as follows: The metal as required by the specifications was put on in two coats or layers; the first being six inches in thickness the whole width which was then rolled with a heavy roller prepared for the purpose; which, when

passing over any newly prepared embankment, although but a few inches in depth would press the metal down very nearly even with the surface of the earth on either side; occurrences of this kind were guarded against as much as possible on my part, but could not be altogether avoided as the grade had to be prepared the same season the metalling was done. The second layer being but one inch in thickness at the edges of the metal which being put on when the grade was solid, and being properly rolled both layers would not exceed five inches in thickness at the sides of the road. The specifications require the metal to be put on seven inches in thickness at the edges, but this is before being rolled, which ought to be rolled down two inches or thereabouts. As to the forty thousand dollars loss to the State, I do not now, and I believe I never did know the price paid for metalling any part of the road only from hearsay; therefore cannot say any thing about the amount lost or made by the State, in regard to the depth of the metal.

Your second question presents three distinct interrogatories which I answer as follows; nothing, no nothing.

Interrogatory No. 3.

Is not the breaking of the large pieces of stone which push to the surface of metalling, as spoken of in your former answer, done at the cost of the State, when it should have been done by the contractor, in the first instance.

Answer.

In answer to the above I would say, so far as can be guarded against, no such large pieces should be allowed to be put into the road; but when once the work is accepted by the engineers, the contractors have nothing more to do. And as before stated by me, some pieces will always be put in; and rakers are always stationed on new roads to break the same in connection with their other duties.

MILTON STAPP presented his answer to the following question.

Interrogatory No. 10.

State whether D. C. Branham in the latter part of February or early in March, 1839, told you that he was in possession of evidence of Beckwith making false estimates, and wished you to tell Jesse L. Williams and Noah Noble or either of them of the fact of there being charges of improper conduct against Beckwith, and if so, whether you communicated such information to these gentlemen or either of them, and if so, what measures were taken in pursuance thereto?

Answer.

In the latter part of February or fore-part of March, 1839, D. C. Branham told me that Beckwith had been guilty of improper conduct as an engineer on the Madison road, that this conduct was of such a nature that it must ruin Beckwith, that they were frauds of the grossest character, but that he had obtained the information in such a manner that he could not honorably tell me what the frauds were but requested me to communicate this intelligence to Mr. Williams and to Mr. Noble. On reaching Indianapolis a few days afterwards, I communicated to Mr. Williams that a friend had given me this information, and that from my knowledge of the man who communicated the facts to me I had no doubt of their truth, and that the acts must come to light in a short time, and that he, Williams, ought not to allow Beckwith to be re-appointed engineer on that road. Mr. Williams replied, that they could not very well get along without Beckwith, as he was the only railroad engineer they had in the corps, and that unless I could communicate specific charges that he would have to present him to the board, for re-appointment. This I could not do. I did not mention the name of my informant.

About the same time I laid this information before Noah Noble, and told him that under the circumstances Beckwith ought not to be appointed. Mr. Noble replied that the board would appoint the person recommended or nominated by Mr. Williams, unless specific charges were laid before the board, but stated that he would talk with Williams and the board, and that if they thought the evidence sufficient to prevent his appointment that he would not be appointed.

On my return to Madison I had another conversation with D. C. Branham on the subject and wrote back (either from Vernon or Madison) to Mr. Noble, pressing on him the facts communicated to me and urging him not to appoint Beckwith until the board should meet at Madison, (as I understood they would do in a short time) saying to him that by that time, the frauds or misconduct would be brought to light. I started to N. York shortly afterwards and heard no more about the matter until my return about the 1st of June. Beckwith was arrested soon after I returned from New York. What I state above is all from memory, and I desire to give the substance of what took place only.

I will add to the above that at the time I made these communications, I was applying for the appointment of J. R. Morledge to the same situation, and was very anxious to secure it for him. This addition is made at the request of Gov. Noble to save further question on the subject. I will add my reasons for being anxious to get the appointment for Morledge, which reasons I gave to Mr. Noble. It was, first, because Morledge had informed me that the engineers had not done their duty in laying the foundation of Hendrick's section, and that it would slip and that slip would cost the State 40 or \$50,000. He told me that a tract laid by Beckwith to turn the engine on, would never answer the purpose and that it would be taken up and abandoned in less than a year. He told me that the tract for the shifting the cars at the depot was all wrong and would have to be taken up. All these things have turned out to be as predicted by Mr. Morledge, and the reasons he gave me for his opinions induced me to believe him to be a far better engineer than Beckwith.

I am not certain that I used the word fraud in the communication; I intended to use the same strength of language communicated to me by Mr. Branham.

N. NOBLE submitted his answer to the following questions.

Interrogatory No. 15.

State all you know relative to the matter testified to by Joseph Hendricks, relative to fictitious drafts; your connection with that matter; the law under which the drafts were drawn and paid; and generally all you know, in this behalf, material for a full understanding of the whole matter?

Interrogatory No. 16.

Have not operations been carried on upon the Madison & Indianapolis railroad, contrary to the provisions of the act of 1840, suspending operations on the public works? State particularly what contractors, and what amount, have thus been paid, without first agreeing to suspend further operations on their contracts, until authorized to renew the same by authority of the Legislature, as required by said act, and by whose authority or direction such payments were made?

Answer to No. 15.

Mr. Hendricks employed from 75 to 100 hands with the requisite number of carts and horses. The work was taken in 1836, in the name of the son, Joseph H. Hendricks; but was owned by Abraham Hendricks & Son. The job had been on hand for three or four years and stood in the way of using the first two miles of the railroad, from the river to the depot, on the hill; and policy requiring that this unfinished section should be completed, the work was hastened after I received the appointment of commissioner. In June, a short time before the date of the letter to me, speaking of the "turn out" of the hands, referred to in the testimony of Mr. Morris, Mr. Hendricks in a conversation, spoke of the importunities of his creditors, of the necessities of his laborers and of the disadvantages of getting on without money. A few days after the date of that letter, he came up, and as in all other cases, the settlement was made with the engineer, and the drafts were filled up by him, as stated in his testimony. I did not know what names had been used in filling the drafts until they were presented for my signature. I recollect I was disappointed in the amount found to be due, and inquired whether so much was required to extricate him from his troubles. The names used were not fictitious, but prominent men of business in Madison at that time and now. He had a right under the law to use what names he pleased, whether real or not, and as few or as many as he thought proper; and no officer had a right to control him. Every contractor had the right so to dispose of what was due him on other lines, and that right was so exercised by others at pleasure, and in this settlement there was no departure from the regulations or law, observed in other cases.

The extent of the privilege given to Mr. Hendricks by law, I find from a conversation with him, he did not fully apprehend, and supposed he was receiving favors not fully justified. The committee will find the law granting all that was accorded to Mr. Hendricks among the acts of 1840, page 82.

Answer to No. 16.

The suspension of operations on the public works, in the fall of

1839, for the want of funds to continue them, created great anxiety and solicitude in the minds of the public and the contractors, for proceeding with and rendering productive at least the most prominent lines. Of the various expedients spoken of, that of paying in state bonds was one, and I think all the leading contractors on the Whitewater canal, on the railroad, and at some other points, proposed to accept bonds and to proceed with their work. That expedient found favor over others with the state board, and in their desire to make the large outlays on some works productive, the board recommended the view to the legislature in their annual report. The bond company at Madison, as reported to the Legislature that session, had purchased the amount of bonds to be issued for the railroad appropriation with the conditions set out in the article of agreement between the company and the fund commissioners. Whilst the propriety of resorting to the use of bonds in place of money was the free subject of conversation during the session, the plan of going on with the railroad by paying for the work part in money and part in bonds was openly discussed; and without pretending to a perfect recollection, or having correct means of information, I believe the plan was settled upon by members and the advocates of the road, before the clause in the law requiring a suspension was enacted. I know I heard it said, not secretly, but openly, that the bond company would take work that could not be performed for that kind of pay by others. And it was said the heavy firm of the Stewarts were in treaty with other contractors for their work, and that they would take a large amount for bonds. The character of the bond sale to the company I do not know that I understood, but I suppose the plan of paying part in bonds was to get off those they were under contract for, paying the money part from sales then made at the east.

Whilst I, with others, concurred in the plan of trying to proceed with the Whitewater canal, railroad, and New Albany and Vincennes road, with bonds, I remember I had objections in my mind to paying part money on some of the lines to be finished, and all bonds on others, for the reason that it would not be understood elsewhere with any explanation that could be made; and I feared more from the consequences of a failure to pay the money part, than from the progress to be made with bonds in payment, as proposed by contractors assembling at the seat of government.

With the close of the Legislature, or soon thereafter, the company closed with the contractors, promising part money and part bonds, as had been spoken of, and in the course of the spring and the fore part of the summer a considerable force was assembled by the contractors.

In August the engineer resumed his oversight of the work, to prevent imperfections, and in the next report of the state board (to be found in the printed documents) all the facts were communicated to the Legislature.

In resuming the charge of the work the engineer was instructed—for the purpose of avoiding any after difficulty or question between the contractors, the officers, or the legislature—to make an endorsement

on the back of the estimates for work done, *that they were to be paid by the company*, according to the agreement made with the contractors, and such endorsement has always been made—the company making the payments to the contractors according to previous contract, with the sanction of the fund commissioners as I suppose and believe, under some special agreement to pay for the bonds in that way.

With a full knowledge of all the circumstances the Legislature at the last session, appropriated one hundred thousand dollars in railroad iron, to lay the track nearly complete to Edinburgh, subject to the condition that the counties interested should levy an additional tax. To give the counties time to approve or reject the offer, and to enable the bond company to pay for work then performed, payable part in bonds and part in money, the contract with the company, which had expired on the first of March, was extended by the written endorsement on the back of the instrument set forth in the testimony of John King.

As stated in my late report, I was told by the company, on arriving at Madison, that the money part of the payment then due to contractors was to be made from the avails expected to be realized from an exchange of the Circleville paper by the late fund commissioner, then gone to that bank in Ohio; but, that in consequence of his failure to effect the contemplated exchange, some provision was needed. From the assurance given me by the company, that Gen. Stapp had funds in his hands applicable to the road, I authorized Mr. John King to borrow the money for a short time, and therefore gave him the written authority dated March 4, referred to in his testimony. Upon my arrival in New York I stated to Gen. Stapp what had been done upon the representations of the company. He expressed some surprise, and named other means within their reach, belonging to the road. We then severally wrote to Mr. John King, pointing them out, and the moneys thus specified were afterwards applied in returning the money borrowed in virtue of my written authority of March 4, before mentioned, except the two sums named in my report appertaining to the work. Ascertaining from Gen. Stapp that there were no such means in his hands for the road, as represented, I addressed a letter to John King, one of the company, of which the following is a copy, and, on the 10th August I repeated the same view of means.

[COPY.]

“NEW YORK, 10th April, 1841.

“JOHN KING, ESQ.

“DEAR SIR: When I arrived here I made enquiry of Gen. Stapp of the situation of funds derived from sale of bonds, and which you spoke of being in his hands, as I passed through your place. He then expected to realize the claim upon Danforth, but all the rest were unavailable. Danforth being then absent it was necessary to await his return from the West. He reached the city last week, but from what I learn, without the hope of getting a dollar,

under such circumstances, I do not see how your company can pay the third money to the contractors, and if you cannot from some homo arrangement, you can make with the bonds, it seems to me it will be best to advise the contractors of your inability to pay that they may cease to operate. I wrote you at the time Gen. Stapp did, and requested you to write me immediately if he should be mistaken in the means on hand, to repay the money you borrowed for the payment, from the confident manner in which he spake, and from your silence, I am inclined to the opinion, that you have the money.

Respectfully,

N. NOBLE.

No means were furnished by me for carrying on the road since my appointment, but the temporary loan obtained by my letter of March 4, to Mr. King, before referred to. The treasury notes procured from Gen. Stapp or otherwise and applied to the road, were unknown to me; and there was no reason for referring to them as being reported to me, or as being rendered in account, as the whole matter belonged to the parties, and not to the State. Of the payments to the Messrs. Stewarts in treasury notes, I knew nothing until I saw the testimony of Mr. King. The notes given to a few of the contractors by Mr. King, as agent for the fund commissioner, were unknown to, and unauthorized by me, and upon the first accidental information I obtained of such outstanding due bills, I disowned the act; and for that reason, more than any other, I suspended by letter, the authority I had given him in March, intending to make it permanent.

Of the payments made to contractors and to whom, through the last year, I beg to refer the committee to the reports of the State board, as to the amount, and to the commissioner for the names, the means of correct information not being under my control since my transfer from the State board of internal improvement.

GEORGE MAY returned his answer to the following interrogatory:

Interrogatory No. 1.

Are you a citizen of Washington county, Indiana? Do you know whether L. B. Wilson was a resident engineer on the Jeffersonville & Crawfordsville road, in said county? If yes, state what you know of his over-bearing disposition to contractors and land owners on said road, state also, whether your residence is sufficiently contiguous to the road, to have heard such charges if made. Please state all you know upon the subject.

Answer.

In reply to the interrogatories propounded to me whether I am a citizen of Washington county, and whether L. B. Wilson was resident engineer on the Jeffersonville and Crawfordsville road, in said county, I can state that I am, and that Wilson was resident engineer on said road. With regard to his "over-bearing disposition to contractors and land holders," I can only say that with but one exception, though not with a land-holder, I do not remember of him having any difficulty. My residence is about one-fourth of a mile from said road.

JESSE L. WILLIAMS presented his answers to the following questions:

Interrogatory No. 15.

When did you first begin to suspect the honesty of E. M. Beckwith? What was the immediate cause which excited this suspicion and how long after that period was he continued in the service of the State?

Interrogatory No. 16.

State all the facts and circumstances connected with Beckwith's over-estimates, and of the manner of his arrest.

State whether complaints were made against Mr. Beckwith at any time, and if so, whether those complaints were investigated by the board, and what was the result.

Answer to Nos. 15 and 16.

After what has passed before the committee in relation to the over-estimates made by Mr. Beckwith I shall perhaps be excused for giving a full detail of the whole matter, so far as has come within my knowledge. As some time has elapsed since these transactions occurred, it may be difficult to remember dates, with perfect accuracy, but the following statement of facts and incidents is true to the best of my knowledge and belief.

In considering this subject with reference to what was my duty, or the duty of the board at the time, it is very difficult to keep before the mind, the distinction between the conduct and character of Mr. Beckwith as exhibited prior to the time of his dismissal, and his true character as subsequently exposed. However difficult a task this may be, my confidence is strong that this committee will rigidly make the distinction.

Mr. Beckwith was first introduced to me in Indianapolis in December, 1836 by Mr. Pettit, Principal Engineer on railroads and turnpikes in this State. He was introduced as the resident engineer on the Madison road. In our frequent conversations during that winter, Mr. Pettit spoke in the highest terms of Mr. Beckwith as well qualified for the station, and possessing his entire confidence. At that time, as is well known, the profession of engineering was amongst the most reputable. Those who had obtained the rank then filled by Mr. Beckwith were placed upon a footing of high respectability. The manner in which he was introduced to me placed him at once upon a level with any one of our resident engineers, and was well calculated to secure my confidence. I did not look back, at that time, to enquire into his previous history, supposing that Mr. Pettit who was just from the east, as well as Mr. Beckwith, knew that his confidence was not misplaced. I saw but little more of Mr. Beckwith, if I saw him at all, until I took charge of the road in September, 1837. About that time I passed hastily over the railroad, and finding him industrious, and the mechanical work on his line well done, I saw nothing calculated to lessen in any degree the confidence previously acquired through the manner of his introduction.

In the winter of 1838, Mr. J. H. Hendricks called on me at Indianapolis, and made some complaints against Mr. Beckwith in relation to some field notes relating to his section and expressed a wish that I would visit the section, which I agreed to do as soon as I could. His complaint however, did not

produce much effect upon my mind, for the reason that such complaints were so very common amongst contractors. It did not occur to me that there was any great necessity for my interference. It seemed so improbable that an engineer in respectable standing would wantonly withhold estimates, when I could see no motive for such a course. When an individual and especially one of that profession has once acquired my confidence, I have been very slow to credit a charge, such as was made against Beckwith.

In the spring of 1838, as soon as my duties and the health of my family would allow, I visited Mr. Hendrick's section. Mr. Hendricks complained amongst other things that Mr. Beckwith did not furnish him the field notes as he desired. I told Beckwith that it was my practice to give every contractor free access to all notes and levels connected with his work, and advised him for Mr. Hendricks' gratification, to make out a full profile of his section, and put on it from the books of his office all the levels. This was done; and here we have the origin of what is so often spoken of by Mr. Hendricks in his testimony as the "false profile." It was afterwards shewn that some of the levels were put down wrong on the profile, but this though an evidence of carelessness, was not to my mind any evidence of wrong intention, nor was it of any consequence to the contractor as will be seen by the testimony of T. A. Morris. The estimates were not made from the profile but from other notes, and if these notes were wrong, they were subject to correction, and had nothing to do with the profile. It was only to gratify Mr. Hendricks that I directed it made out. Mr. Hendricks says I swore to its correctness. This I could not have done positively, for I never took a level on the hill nor set one down on the profile. What I did say will be seen by my recorded testimony hereinafter given. Of course I was ready to say that I believed it correct, as I should believe any paper correct that came from a resident engineer. I have never been able to see any ground for the consequence attached to this profile by Mr. Hendricks. Every engineer knows it was an unimportant paper whether correct or not.

It is made a subject of complaint that I did not, in the spring of 1838, go to Madison and re-measure, personally, Mr. Hendricks's section, at his request. A simple statement of the duties of a general nature which at that time were pressing upon me will shew, that I could not have complied with this request at any time during that season, without neglecting duties of much greater importance.

In the winter of 1838 the Board of Internal Improvement ordered thirteen lettings,—the first to take place on the tenth of July, and the others to follow in quick succession. These lettings embraced the most difficult and responsible portions of the works. They were scattered over the whole territory of the State. It was my duty, as chief engineer, to superintend and direct the location of all these lines; to see that the cheapest locations were made; to investigate the responsible subject of supplying the canals with water; to design and prepare plans for all the various structures, such as locks, dams, and aqueducts; to prepare specifications of the manner of performing the work, and to attend all the lettings, so far as it was in my power. These were the peculiar duties which devolved upon the chief engineer, according to the orders of the board, as well as the usage elsewhere. A neglect of these duties might have involved the State in the construction of canals without sufficient water to supply them; or

it might have resulted in improper locations, by which thousands and hundreds of thousands would have been lost to the State; or the plans of the dams and other structures might have been such as to have caused their rapid destruction. The committee will see that these general duties were of paramount importance, and that their proper performance, together with the general charge of the work under contract, must have required all of my time during the season of 1838. I might challenge any one to shew an instance in the history of public works, where duties so extensive and so responsible were ever placed upon any engineer as devolved upon me during the year 1838. I recollect to have kept an account of my travelling over the State during a period of about four months of that season, on horseback and by stage, and it amounted to near three thousand miles, besides the numerous stoppages on each line, to attend to the necessary duties. I should have taken pleasure in gratifying Mr. Hendricks by measuring his section with my own hands, whether I had deemed it necessary or not; but to have made such measurement would have required near a week, and that week I could not spare, under my views of my duties. I am conscious of having devoted *all my time assiduously to the public service* during that year, and I always applied my time to such objects as my sense of duty directed. I have never, while acting as chief engineer of the State, laid off or measured the work of any contractor. This was the duty of the resident or assistant engineers, who were equally competent. And where the resident on a line was not acceptable to any contractor, another has been sent from another line. This was done in the case of Mr. Hendricks. Mr. Morris was sent in July, and again in December, 1838, to measure Mr. Hendricks's section. It affords me pleasure to have this opportunity to explain to the committee, as I have often done to Mr. Hendricks himself, the reasons for what he has for a long time considered a neglect of his interests and wishes.

The multiplicity of my duties of a general nature during the year 1838, will furnish to the committee a reason, if any is required, why it was not in my power, unsuspecting as I was, to have discovered earlier Mr. Beckwith's over estimates. Had I been acting as principal engineer of the Madison road alone, I should have occasionally accompanied the resident engineer in making his estimates, and might, possibly, in that case, have discovered some reasons for suspecting his inaccuracies. But I never did make or assist in making, as I now recollect, a single estimate to a contractor on the Madison road during the year 1838, nor did I ever examine particularly any of Mr. Beckwith's estimates. I had no time to do so. The nature of my duties did not allow of it, nor was it expected of me by the board. These duties were performed by the residents on all the lines. Having no reason to suspect that he was making too *large estimates*, (the complaints against him having been for *under estimates*.) I did not think it my duty to investigate his estimates personally, more than those of other residents. Certainly it will not be deemed strange that I did not earlier suspect his over estimates, when neither the acting commis-

sioner, who paid his estimates, nor the assistant engineers, who were with him daily on the line, had any suspicions until the spring of 1839, as they all state under oath; and when Mr. Morris, who twice measured Hendricks's section, reported that no essential errors were discovered in that work, so far as he examined the levels.

At the general meeting of the Board of Internal Improvements, in June, 1838, Mr. Hendricks attended the meeting, and made complaint that his estimates were too low, and making some charges against Mr. Beckwith, which were patiently heard by the board. The following are the proceedings which then took place, as copied from the records of the board:

“INDIANAPOLIS, 11th, JUNE, 1838.

“The memorial of J. H. Hendricks was presented, asking compensation for extra work and contract work withheld and not estimated, on the second section of the first division of the Madison and Lafayette railroad,

Which was read and referred to a committee of Messrs. Blake, Long, and Lewis.

Ordered, That the Board adjourn till to-morrow morning 9 o'clock.”

“INDIANAPOLIS, JUNE 12th, 1838.

“The Board met.

Present, David H. Maxwell, President. Thomas H. Blake, Daniel Yandes, Elisha Long, Samuel Lewis, John Woodburn, and J. B. Johnson.

Mr. Blake, from the committee on canals, &c. to whom was referred the memorial of J. H. Hendricks, now submitted the following report:

The committee to whom was referred the memorial of J. H. Hendricks, contractor on the second section of the first division of the Madison and Indianapolis railroad, setting forth complaints against the official conduct of E. M. Beckwith, the resident engineer, and asking redress from the Board, have had the same under consideration, and now submit the following report:

It cannot be expected of the committee, that they will at this time come to any decision upon the specific charges preferred against Mr. Beckwith; the evidence furnished being *ex parte*, and the character to be affixed to the conduct imputed, depending entirely upon the motives which influenced it; nor do they deem it necessary to do so, in meting out a full measure of justice to the memorialist.

The committee recommend to the Board, that, to settle the question as to the amount of work actually done in said section, the principal engineer cause an estimate to be made by a resident engineer

taken from some other line, whom he shall order upon that especial service as soon as the public interest will admit of it; and in case of any excess over the estimates already made, the acting commissioner shall in accordance with the terms of the contract between the parties forthwith pay the same to the memorialist: and also for any extra work which he may be satisfied has been done, which may not be embraced in former estimates.

The committee do not believe it expedient to authorise any extension of the time specified in the contract, as by so doing, the contract would be made to assume the character of a private letting, and in other respects the precedent would be a bad one. If a contractor is prosecuting his work with fidelity, and the public interest is not suffering by the delay, it is believed to be the invariable practice in our service not to interfere with him, and it is not to be supposed that in this case the acting commissioner would make an exception. Nor can the committee recommend that the whole amount of the percentage withheld shall be paid over to the memorialist, as the exercise of this retaining power is sanctioned by usage, and obviously required by the public interest; and moreover, as the contract of the memorialist carefully entered into, expressly yields this reservation of power to the commissioner. But as the amount actually retained under canal contracts is only ten per cent., and the work on this section very heavy, and costly, it is a question for the liberal inquiry and decision of the acting commissioner on that line, how far any portion of the amount retained may be paid over without any risk on the part of the State. This is a matter to be left with him; he is to a certain extent responsible for the execution of the work on his line. It is to be presumed that he is the best acquainted with the circumstances connected with it; and this Board should (in the opinion of your committee) be extremely careful how they interpose their authority, as it might be attended with embarrassment to the commissioner, and trench upon his powers, which although they may seem arbitrary, experience proves to be necessary, and thus by an unguarded sensitiveness to an individual, inflict a vital injury upon the interest of the service.

The committee ask to be discharged from the further consideration of the subject.

The report was concurred in."

A few weeks after the meeting of the Board, I directed Mr. Morris to make a careful estimate of all the work done by Hendricks on section two, and to investigate all his complaints. Mr. Morris' report to me, gave no evidence that estimates to any material amount had been withheld from Hendricks. The effect of the whole investigation was rather to produce the impression that Mr. Hendricks had complained without much cause. Mr. Beckwith's manner of giving orders to contractors, appeared sometimes rather arbitrary; and to this I attributed chiefly the origin of the complaints. Against this habit I took occasion to caution him. Mr. Hendricks was not satis-

fied, however, and on further complaints being made, at different times, I sent Mr. Morris again to his section, in December, 1838, without any order of the Board, in the hope of rendering full justice, and of correcting the evils if any existed. This estimate, like the first, did not show any material wrong. (See the testimony of T. A. Morris in relation to these two estimates).

At the meeting of the Board in the winter following, Mr. Hendricks again complained to the Board, and was fully heard by himself and council, Hon. J. H. White. Gov. Hendricks was also here, so that all the charges and evidence were fully submitted.

The following are the proceedings of the Board on that occasion, as copied from the record.

“Mr. Morrison from a select committee made the following report, which was adopted:

“INDIANAPOLIS, January 4th, 1839.

“The select committee to whom was referred the memorial of J. H. Hendricks, asking the removal of Edward M. Beckwith, resident engineer on the Madison & Indianapolis railroad, for certain reasons and on various charges therein set forth, respectfully report.

That in the discharge of the duties assigned them, they, in the presence of Mr. Abraham Hendricks and said Beckwith, at the room of the board of internal improvement proceeded to hear the parties in the premises, and after an examination of all the testimony offered by the parties aforesaid, your committee are of the opinion that sufficient cause has not been shewn for the intervention of the board, in the removal of the said Beckwith.

In regard to the claims of the said Hendricks' for compensation and damages as set forth in his memorial, your committee after investigating their character and the obligations upon which they are based, have come to the conclusion, that it would be a source of never ending disputation between contractors and engineers, if the board should establish the precedent of deciding upon claims set up by contractors, upon other data than the measurement and estimates of competent and disinterested engineers; and in this case, inasmuch as several measurements and calculations have been made by persons who are as your committee believe, both competent and disinterested, they are unable to see any reason which should induce them or the board to go beyond the reports and estimates of Thomas A. Morris of the 2d December, 1838, which shows, that upon the statement of an account from the commencement of work upon section number two, of 1st division of Madison & Indianapolis railroad, a balance of \$2,641 due at that time to the contractor, and for which sum the commissioner has drawn in favor of the memorialist, as your committee are informed.

Your committee are distinctly of opinion that it would be an unsafe assumption of power for any commissioner to pay money on the construction of work, upon any other authority than the regular and formal certificate or estimate of the proper engineer, and they therefore cannot conceive, that it was the duty of the commissioner in charge of the work mentioned in the memorial to make payments beyond the estimates upon the work.

Under these considerations your committee ask to be discharged from the further consideration of the memorial, and that the memorialist have leave to

withdraw his papers and documents in relation to his claims for further allowances.

[signed]

A. F. MORRISON,
J. A. GRAHAM,
J. B. JOHNSON, } Select Committee."

"Abstract of testimony taken before the select committee appointed to investigate the charges contained in the memorial of J. H. Hendricks against E. M. Beckwith, resident engineer on the Madison & Indianapolis railroad, as taken before said committee, at the office of the board of internal improvement in Indianapolis, January 4th, 1839.

1st. By Mr. Hendricks was presented the affidavits of James C. Patton, A. T. Robison, D. P. Byrd, David Branham, Thomas Alexander, John Waterman, H. Beitzell, Alexander Boyle, Alexander Williamson, Samuel Finacal, and William H. Branham, charging the said Beckwith with a want of truth and veracity, with being oppressive to contractors, in many cases, ignorant of his duties, and incompetent as an engineer.

Which testimony was by consent of parties received and considered by the committee.

As rebutting testimony produced by E. M. Beckwith.

Jeremiah Sullivan was sworn by Hon. Isaac Blackford one of the judges of the supreme court, and being interrogated as to his acquaintance with said Beckwith, testified that he had been acquainted with said Beckwith during the term of 18 months or thereabouts, that he never heard any thing derogatory to the character of said Beckwith as regards truth and veracity—believes him to be as correct and moral in his deportment as any individual with whom he has no very intimate association, judging only from his ordinary reputation in the community—witness does not pretend to say any thing in regard to Beckwith's qualifications as an engineer, or along the line of work among the contractors—never heard any charge against him except in the matter of contest with Mr. Hendricks—that said B. was in the habit of visiting in his family.

Orson Ellis sworn in like manner—testified that he had been a mechanic on the line ever since Mr. Beckwith had charge thereof, and had been engaged in making models and articles for the work under Beckwith's order, that he always found him true to his engagements, and conforming to his promises, and believes him to be a man of truth and veracity, and that his general reputation was good, so far as witness had knowledge.

William J. McClure was sworn in like manner—testified to the general good character of Beckwith, and that he believes him to be a man of truth and veracity, and that he had never heard of any charge against him except in the case of difficulty with Messrs. Hendricks.

Michael G. Bright and Joseph G. Marshall, Esqrs. sworn in like manner—testify to the fact of Beckwith's good character for truth and veracity—never heard any charge made thereon, except in the case now in difficulty—know nothing very particular about his general character, but so far as their knowledge extended at Madison and on the line—never heard any charge made against him as a man, or engineer—believed his general character to be good in the community.

Chas. W. McClain testified to the general good character of Mr. Beckwith.

Jesse L. Williams testified to the fact that he believed Beckwith to be as competent in the science of engineering, as a man of his age could well be expected to be; that he evinced a zealous care in the discharge of his duties in connexion with the work, and had shown an intimate acquaintance with its details; that he believed the profile of the hill at Madison made by Beckwith, and exhibited by Hendricks to be reconciled with the estimates, taken in connexion with the explanation of Mr. Sprague—and that he knew of no other way of measuring the work done, so as to arrive at the original state of the bench marks, than that which had been adopted in the measurement already made.

William J. McClure re-examined by Mr. Hendricks, testified that he had been called upon by Mr. Hendricks to assist a Mr. Collins in measuring the work done on section two, and the side levels and stations of the work, as laid down in the profile aforesaid. That on an examination by Collins he believed Beckwith's measurement to be erroneous, but that afterwards when Beckwith showed him his method of measuring and calculating he changed his opinion and concluded he (witness) was incompetent to decide on questions involving engineering science; that at a future period, Collins and Beckwith made calculations of the work at Beckwith's office, and they (Collins and Beckwith) agreed very nearly in their calculations as to the amount of work, contained in the cross section of the profile, so nearly so, that Collins remarked that the difference was not essential to either party; that he was originally acquainted with the general appearance of the Madison hill but could not positively say that any form of the hill was varient from the profile made by Beckwith indicating the cuts and fills.

[signed]

A. F. MORRISON

J. B. JOHNSON,

JOHN A. GRAHAM,

} Select Committee."

"The foregoing is a copy of the abstract of testimony in the case of the complaint of Hendricks against E. M. Beckwith, taken by the select committee, as it remains on file in the office of the board of internal improvement."

J. MORRISON,

Secretary of the board."

INDIANAPOLIS, 5th January, 1839.

About the last of March 1839, Gov. Noble and myself made a tour of examination to Madison, and thence to Lawrenceburgh and Brookville. During this trip, after being at Madison and learning the increasing unpopularity of Mr. Beckwith, (though no charge of over estimates had then come to my knowledge) we determined that for the good of the work we should discontinue his services as soon as he made the location to Columbus. This determination I communicated to him the next time I saw him. About the last of April I heard complaints from the citizens of Columbus of the manner in which Beckwith was running the Railroad at that place. I went down to Columbus and found his location to be of such a character as to excite suspicions that he was aiming in some way to promote his own interest at the expense of the town. I thereupon took charge of the location

myself, and a few days afterwards Beckwith left on a visit to Pennsylvania. A few days after this, I think about the latter part of April or first of May, while engaged with the assistant engineers in establishing the location of the Railroad in the vicinity of Griffith's, Mr. Patterson informed me of a statement made to him and Mr. Sprague a short time previous by Mr. Lefever, in relation to some money transactions which took place between Beckwith and Lefever while the latter was a contractor. He also informed me about the same time that he and Mr. Sprague had secretly, while in camp made some calculations of the Graham bridge which excited their suspicions, that there had been some errors committed there, but they were not yet fully certain as to this. Until this period I had not suspected him of making over-estimates or otherwise defrauding the State. It is proper here to state that a few weeks before this statement from Patterson, Gov. Wallace told me there was further dissatisfaction with Beckwith on the Madison road. He told me that Gov. Henricks and Mr. Branham were his informants. He could not have named to me any thing about *over estimates* for that charge would have aroused my suspicions of his frauds, and I had no such suspicion until I went to the line a few days afterwards. I am very confident he did not name to me the long detail of hearsay statements, which Gov. Hendricks says he requested him to lay before me. As we had previously concluded to dismiss Beckwith as soon as he made the location to Columbus, this conversation made but little impression upon my mind. I think I have stated it correctly. In the conversation alluded to by General Stapp, which he says took place about the first of March 1839, I am sure the word fraud was not used, because that would have excited my suspicions. Gen. Stapp himself is not sure that he used this expression.

The conversation taken in connexion with the fact that Gen. Stapp was then urging the appointment of a friend to this station, did not impress my mind very strongly at the time. I was rather disposed to think it a variation of the charge before made, and which had been investigated by the board. I can state distinctly that neither this nor any other conversation or circumstance produced upon my mind any suspicion of over estimates or frauds, prior to my visit to the road about the latter part of April, although as before stated, Beckwith's dismissal was agreed upon for other reasons, as early as the first of April 1839. It should be observed however, that after the passage of the modification act, it became necessary to re-appoint formally all the engineers who were to be continued in the service. The other residents were so appointed on the 12th March 1839, as appears on the records of the board. Beckwith's re-appointment was suspended for further enquiry into the cause of the prejudice that seemed to exist against him.

On receiving this information from Patterson, I directed the assistants to continue their investigations, but as the letting was near at hand, and much to do in preparing the line, we did not find time to complete to our full satisfaction these investigations until after the

letting at Vernon. Some few days after this letting Messrs. Patterson and Sprague at my request took all the notes and papers, and made a full and very careful measurement and re-estimate of all the work at the Graham bridge, which showed without any doubt that he had over estimated that work about \$13,000. These estimates were made in an upper room over the Savings Institution in Madisen, and occupied two or three days. They were made as were all the investigations on this subject with great secrecy, for fear that Beckwith would hear of our suspicions and leave the country, and thus escape the punishment he so justly deserved. Beckwith had returned from Pennsylvania a few weeks before this time, and as there was now no doubt of his guilt, I only waited the proper occasion to arrest him. Up to this time no one as I believe but myself, the two assistants and Gov. Noble, knew of his over estimates, excepting of course those engaged in the frauds. On the evening of the 26th June, 1839, being in Madison, I found that the two contractors Carnahan and Lefever, whom I wished as witnesses were both in town. I saw them late in the evening and ascertained that they were to leave the next morning, and knew also that Beckwith was going to Mr. Butler's near Vernon, the next day.

I perceived that this was the time to carry into effect what I had meditated for near two months. About nine o'clock at night I called on Michael G. Bright for legal advice. After going to his office, I asked him if there was any way of punishing an engineer—remarking to him that no bond or security had ever been given or required of men in that profession—their honor being alone relied upon, as is the case, with officers of the army. After explaining the case, he remarked that he might be arrested and convicted under the charge of obtaining money on false pretences, (a penitentiary offence). I requested him to draw up the papers that night, and I would see him early in the morning. I however thought it proper first to have a private interview with Beckwith. On the following morning, I told Beckwith that I wished to see him in his room before he left town. Just at that moment N. B. Palmer, of Indianapolis, then on a visit to Madison, passed by the hotel. I asked him to go with me up stairs to Beckwith's room. My object was to have a witness present, though Mr. Palmer was ignorant of my intention. After introducing him to Beckwith, I opened the estimate books, and showed Beckwith the calculations of the Graham bridge, and told him that I believed he had over estimated that work about 13,000 dollars, and that he had shared the excess; and asked him to take the papers, examine them, and if I was wrong to show me wherein; or if his error was an accidental one, to explain how it occurred. This was the first disclosure I had made to Beckwith, directly or indirectly, of my suspicion.

For the particulars of the conversation which then took place, I beg leave to present the following memorandum, made out by Mr. Palmer, whose permission I have for so using it. This memorandum was made out the day after the interview, as I am informed by Mr.

Palmer, for the purpose of refreshing his memory when called upon to give evidence in court. The original is in my possession, in Mr. Palmer's hand writing.

"Madison, June 27th, 1839.

"This morning Mr. Jesse L. Williams, chief engineer, called on me and desired me to be present at an interview between him and Mr. Beckwith, the resident engineer.

"I stated that I was a stranger to Mr. Beckwith. He replied that it would make no difference, that it would be better if I were a stranger to both. He did not give me any intimation of the nature or object of the interview, but requested that I would be at the hotel in five minutes. In about that time I met Mr. Williams and Mr. Beckwith at the hotel, and followed them to Mr. Beckwith's room. Mr. Williams introduced me to Mr. Beckwith, and we were seated.

"Mr. Williams immediately stated to Mr. Beckwith that there was a difficulty in relation to the discrepancy in the amount of work done, and the payments made on account of the Graham bridge, and that he desired to give Mr. Beckwith an opportunity, (if he could) of explaining the matter then privately before a mutual friend, who he supposed Mr. Palmer to be, before any publicity should be given to the matter.

"Mr. Williams at the same time exhibited some books, in which (as I supposed from the conversation) was entered the amounts of estimates and payments on the railroad. Mr. Williams first asked Mr. Beckwith if he could show him, or explain to him, how or where certain materials, to the amount of 2,000 or 3,000 dollars, delivered by, and paid for, to a former contractor, had been charged to Carnahan a subsequent contractor.

"Mr. Beckwith took the books and after a cursory examination, said he did not see that the materials had been charged to Carnahan, and supposed it had been omitted or overlooked.

"Mr. Williams then stated to Mr. Beckwith, that according to a correct estimate upon the measurement of the masonry of the Graham bridge, it was ascertained that the work had been paid for upon estimates greatly over the real amount of work done. That the over payment, including the materials omitted to be charged, amounted to about 13,000 dollars. Mr. Williams handed to Mr. Beckwith a paper purporting to be an estimate of said bridge recently made, and asked Mr. Beckwith if he could to explain, or account for the discrepancy.

"Mr. Beckwith took the paper, and after looking slightly over it, said that he believed the former estimates were correct, and the present one erroneous. That if there was error in the former estimates, that it was the fault, or as much the fault of the assistants as himself; that the diagram was furnished by Mr. Patterson, and that the assistants aided in making up the estimates. Mr. Williams replied, that the estimate he held in his hand, was made from the same diagram that Mr. Beckwith had made the estimates from, upon which the

payments were made to Carnahan, and that the amount of work done was less than the amount paid for, to the amount of 13,000 dollars, as before stated. Mr. Williams also stated, that Mr. Patterson was not present when the estimates were made to Carnahan, to which Mr. Beckwith then assented.

"Mr. Williams then asked Mr. Beckwith to explain the matter, or state if he could, how this error and over-payment to Carnahan occurred. Mr. Beckwith said he believed there was more masonry than the late estimate made, and that he would, so soon as convenient, make the calculations, and if his former estimates to Carnahan were wrong he would say so.

"Mr. Williams then went into conversation at some length, upon the nature and consequences of the transaction, stating the large amount of money that would be lost to the State, the sacred obligation that rested upon engineers; that the State required neither bond nor oath of them, that their honor and high standing heretofore had secured public confidence; that transactions of this sort would uproot all-confidence in the profession.

"He also suggested that he, Mr. Beckwith, could not have been ignorant that he had been (by rumor) accused of secret partnership with contractors, and of participating in the payments made on his estimates; and inquired why he had not called for an investigation; to which Mr. Beckwith replied, that if he was to pay attention to all the rumours that were afoot in relation to the various contracts on the line, he would have no time for any thing else.

"Mr. Williams asked Mr. Beckwith if he had not had moneyed transactions with a Mr. Lefever; to which Mr. Beckwith responded that he had not, unless perhaps some small amounts had been borrowed back and forth between them, but which if any, had all been paid off.

"Mr. Williams stated that Lefever had said to him that Mr. Beckwith had got money of him at two several times, to the amount of about 1,000 dollars, and he now desired Mr. Beckwith to say whether it was true or not; for Lefever was in the service and if he would falsify and conduct in this way, he ought to be dismissed. Mr. Beckwith again denied having any moneyed transactions with Lefever, other than as before stated, and charged that the statement of Lefever was untrue.

"Mr. Williams then inquired of Mr. Beckwith, whether he had had any money transaction with Carnahan, to which Mr. Beckwith answered in the negative. At this stage of the interview, we rose with a view of leaving the room; when Mr. Williams again stated that he had felt it his duty to give Mr. Beckwith an opportunity to explain the difficulty in private, and that he had hoped that Mr. Beckwith would have been able to give a satisfactory explanation, to which Mr. Beckwith made no reply.

"Mr. Beckwith appeared to be restless, and was very taciturn during the whole interview."

Convinced from this interview of his guilt, I went directly to the Mayor's office and made the necessary affidavit, which had been written the night before by Mr. Bright, and to give time for the officers to reach the depot, I sent a positive, but secret order to the conductor, to delay starting until further orders, without assigning any reason. After delaying the cars near an hour beyond the time of starting, to the great annoyance of the passengers, (to whom of course the reason for the delay was not given), the officers reached the depot and arrested Beckwith and the two contractors before named. The trial before the Mayor resulted, in requiring bail for Beckwith's appearance at court, in the sum of \$500. This was on the 27th of June. Since the day of this trial, I have never seen Beckwith, nor have I ever received from him any message on any subject, verbal or written, nor have I ever been able to ascertain to what part of the country he fled, or whether he is now living or dead. I have been thus particular in stating all the details of this transaction, because it is one of very extraordinary occurrence, and produced in that community a most thrilling excitement. From what I then observed and heard, I am confirmed in the belief that the public generally had until this development, no suspicions, as to the dishonesty of Beckwith. It is my belief that the shock produced upon all in that community, was as great as could have been caused by the arrest, (on a similar charge) of any other resident engineer, or of the most respectable citizen.

Gov. Noble was in Madison at the time of the arrest and trial, and with him I advised in relation to the proceedings. I have stated that Beckwith was virtually dismissed about the last of April 1839, which was one year and seven months after I first took a general charge of the road. I did not advise his dismissal earlier for the reasons:

First, That previous to that time I had no reason to suspect him of dishonesty. The only charges made against him, as will be seen from the testimony of Messrs. Bright, Marshall, and other citizens of Madison, were those preferred by Mr. Hendricks, and these were principally for *too low monthly estimates*, a complaint which is so common amongst contractors, especially when their work is in a rough and ill shapen condition, and which is so sure to be corrected in the final estimate that it excites very little attention. There is perhaps no line in the State on which complaints of low estimates have not been made against the engineer, though there were none, it is true, that were pressed with so much earnestness or with such appearances of a persecuting spirit as those made by Mr. Hendricks. In truth it may be said that complaints of too small estimates are rather calculated to prevent any suspicion of corruption on the part of the engineer. If an engineer is without principle and is disposed to profit by his station, or to make himself popular with the contractors, we would naturally suppose that he would make liberal rather than scanty estimates. It will be seen therefore, that although Beckwith proved afterwards to be dishonest, yet up to the spring of 1839, there was nothing calculated to excite the suspicion that he was wronging the State, nor was any such suspicion expressed by any one, so far as my knowledge ex-

tends. The nature of the charges made by Mr. Hendricks, (and he was the only one asking his removal) as well as the temper in which they were made, were well calculated to prevent any such suspicions.

I did not consider it my duty to advise his dismissal for the reasons:

Secondly, That the charge of withholding estimates from Mr. Hendricks, further than might readily occur unintentionally considering the character of the work, was not proved. Although I could not find time myself to measure Mr. Hendricks' section; yet, T. A. Morris, was twice sent to that line for that purpose, once in July 1838, and once in December of the same year. His estimates as reported to me and to the board, disclosed no essential error in those of Beckwith, nor did Mr. Morris see any reason as he has stated, to suspect Mr. Beckwith of any wrong intention. If an engineer should be guilty of attempting to oppress or injure a contractor by wilfully withholding what was due, this would be sufficient ground for his removal. But this, though charged by Mr. Hendricks against Beckwith, was not proved, or at least no sufficient evidence of it came to my knowledge. No doubt Mr. Hendricks supposed this to be the fact, but the estimates of Mr. Morris a disinterested person, entirely competent to measure the work, was the best evidence.

I did not advise his dismissal prior to the spring of 1839 for the reason,

Thirdly, That his conduct was twice investigated by the Board of Internal Improvement — once in June, 1838, and once in January, 1839, only a few months before he was dismissed, and was at each time unanimously acquitted by the judgment of the board, after hearing all the charges and the proof which Mr. Hendricks thought proper to allege. The testimony of Alex. F. Morrison and James Morrison will shew that his acquittal was in no way the result of any influence from me, further than the just weight of my testimony. And here it might be enquired, why is the whole responsibility of retaining Beckwith placed upon me, when the weight of the decision of the board was twice given in his favor, after hearing all the charges and evidence which were ever submitted to me? The appointment of resident engineer was a power exercised jointly by the board and myself. I never appointed or renewed one without the concurrence of the acting commissioner on the line. Had I suspected him of dishonesty, I should of course have promptly dismissed him without consultation with any one.

I did not advise his dismissal sooner for the reason,

Fourthly, That so far as I could learn, the public sentiment on the line and at Madison, during the year 1838, was in favour of his continuance, with very few exceptions. The influential business men at Madison, so far as they expressed any wish upon the subject, were generally in his favor: — some of whom, as late as March, 1839, expressed a strong wish for his continuance, stating that they believed him to have been persecuted by Mr. Hendricks. The expression given by the two Representatives from Jefferson county before the

board, in January, 1839, was considered sufficient evidence of public sentiment in that vicinity.

I will remark here, that my acquaintance with Beckwith was only an official acquaintance. With his personal character I had no other means of becoming acquainted than what was afforded by a visit to his line four or five times a year.

A proper regard for my own character impels me, in the conclusion of this subject, to notice, in terms of decided remonstrance, the strange and unjust proceeding which we have recently witnessed before this committee.

The committee cannot have failed to perceive, that a few disaffected individuals, on some of the lines of public works, availing themselves of the door opened for legitimate and proper objects, have attempted to convert the journal of the committee into a common receptacle for all the slanderous imputations which their indistinct recollections, aided by their bitterness of feeling and a vivid imagination, could suggest. It is not to the investigation itself that I am directing my comments. This I invite to the fullest extent, as the journal of the Senate will shew. It is the peculiar character which these proceedings have assumed within a few days past, (not, I trust, with the approbation of the committee,) — a character, I venture to say, unheard of in the history of similar investigations — against which it is my duty solemnly to protest. What have we seen? Night after night, for nearly two weeks past, I have been compelled to stand around the lobbies of this Senate chamber, and see placed upon this enduring record, statements assailing my private and public character; much of which, though dignified by the name of evidence, seems to be but the outpouring of long cherished resentment, arising from collision between individual interests and the interests of the State. Let it be remembered, too, that some of these witnesses, as I have reason to believe, are voluntary accusers, having procured themselves or each other to be summoned, probably by some imposition upon the committee, and in many cases, I doubt not, having suggested their own interrogatories, either themselves or through some one engaged in the same malignant warfare upon the good name and the peace of individuals. And what privileges are afforded me of rebutting these statements? None, save the testimony that may be gathered up from amongst the bystanders, or from persons who may accidentally be at the Capitol. The first intimation I have of the charge preferred is its submission to the committee as testimony. A systematic effort seems thus to have been made by a few individuals to accomplish my destruction, of which I had no notice, except as I have listened to the testimony offered to the committee.

I make these comments in no spirit of complaint against the committee. I have noticed their efforts to restrain the licentious tendency of these proceedings, and to arrest the flagrant violations of all the rules of evidence, fixed by long established usages for the security of individual rights, character, and reputation, which has been so often

attempted by the accusing witnesses in the introduction of vague hearsay statements.

J. L. WILLIAMS.

Interrogatory No. 17.

State whether you dismissed John Frazer and Owen Owens, engineers on the New Albany & Vincennes road? State also, whether you continued Mr. Smith in the service? And if so, for what reason?

Answer.

After the passage of the modification act, it became necessary to re-organize the engineer corps, reducing it to the more restricted operations directed by that act. At the first meeting of the new board. I addressed to the president the following letter, which gives the leading reason for the change on the New Albany and Vincennes road.

“INDIANAPOLIS, March 5th, 1839.

“Hon. N. NOBLE, President Board Internal Improvement:

“SIR: As the board have now under consideration amongst other important matters, the subject of organizing the corps of engineers on the several lines, for the ensuing year, I have supposed it might be proper to submit for their consideration the views which I entertain in relation to the organization on the New Albany & Vincennes road.

The members of the board, have no doubt observed with the same regret which I myself have felt, the want of that harmony and concert of action between the late commissioner on that road, and the resident engineer, which is so essential to the efficient and economical progress of the work. The feeling to which I allude has evinced itself in the unprofitable hand bill controversies of the past season, as well as in various other ways, producing an excitement very unfavorable to the interest of the work, and which has now extended itself not only to the engineer corps and contractors; but in some degree to the community. Under these circumstances it would be impossible for the present corps of engineers, if otherwise fully competent, to prosecute the work as much to the public interest as could be done under a different organization.

Acting therefore with reference to the public good and keeping in view the principle that offices and stations of this kind are to be created and filled, only as the public interest may require, and not with any view to personal considerations, I would respectfully submit to the board, whether the engineer corps on this road should not be considered as disbanded for the present, and open to an entire re-organization in such manner as may best subserve the public interest. The new resident engineer in forming his party would no doubt re-appoint such of the assistants as he might find to be industrious and competent, and whose continuance would be compatible with the public good.

By adopting this course, the resident engineer and his assistants in taking charge of the road, could determine to know nothing of former excitements and quarrels, and would be able to devote themselves to the public service unembarrassed by their influence.

Very respectfully,

J. L. WILLIAMS."

In these views the board concurred which will be seen by the following order copied from their record.

" INDIANPOLIS, 9th March, 1839.

"The following preamble and resolutions were unanimously adopted.

WHEREAS, The board have perceived with regret, newspaper and hand-bill controversies, anonymous and otherwise, originating with officers employed in the public service on the New Albany & Vincennes road, questioning the propriety of the official acts of each other, and charging one another with flagrant abuse of power, and the board being of opinion that all such conduct should be discontinued in future; therefore,

Resolved, That in case of a disregard of the public interest, or abuse of power, by any agent or officer employed in the public service, it is the privilege and duty of any other agent or officer having knowledge thereof, instead of going to the newspapers where no appropriate remedy can be found, to make complaint to the acting commissioner, the board or the legislature; but that the board will deem it just cause for the suspension or removal of any officer, who shall hereafter engage in the kind of controversies above condemned."

In pursuance of these proceedings the services of Mr. Frazer, resident engineer, and of Messrs. Smith & Owen, principal assistants were dispensed with, I think about the middle of March. These three persons had become fully involved in this unpleasant quarrel.

After dispensing with Mr. Frazer, that line was divided between Mr. Wilson, who was resident engineer on the Salem road, and Mr. Voorhies, the resident on the southern division of the Central canal. It is my belief that there was a saving of nearly the whole salary of the resident engineer, by the change.

Mr. Smith never was re-appointed by me, nor by the board. He was temporarily employed by Mr. Wilson, from the 10th of June, to the 13th September, 1839, from the necessity of the case. This will be seen by the following letters:

"SALEM, June 12th, 1839.

"J. L. WILLIAMS, Esq.

"DEAR SIR: I am enabled now to give you the names of the assistants on the Vincennes road.

Samuel A. Rariden, and	}	Junior Assistants.		
Louis Thickstun,				
Marcelles A. Ruter,		Senior Rodman, at \$396 per annum.		
John Hanna, junior	"	"	348	" "
Michael Shanks, "	"	"	348	" "
David Cates, "	"	"	348	" "

I have also, as I advised you of my intention, engaged the services of G. C. Smith, temporarily to commence on the 10th (Monday last.) If the board is unwilling that he should be continued, you will please advise me, as early as practicable and at the same time send some one to take his place. I am very much in need of another assistant, in addition to him, whose services would be required about six or eight weeks. Respectfully,

L. B. WILSON."

"P. S. We are very much in want of another level on the Jeffersonville road, which could be used without any additional party, and with great relief to the present corps."

"NEW ALBANY, June 24, 1839.

"L. B. WILSON, Resident Engineer:

"SIR: In the progress and superintendence of public works, circumstances sometimes occur which render a change in the corps of engineers, beneficial to the public, especially if the change can be made at a time when there is not much work in progress. A state of things such as is here described, had arisen on the New Albany & Vincennes road, at the time of the meeting of the board in March last. At that time I considered a new organization necessary for reasons which were given in my letter to the board in March last. Since that time I have seen no reason for a change of opinion on this subject. The employment of any one of the old corps on this road, other than the junior assistants (unless it be for a temporary service,) would not in my view conduce to the public interest, nor could I submit the name of such individual to the board.

Very respectfully,

J. L. WILLIAMS."

From a letter from Mr. Wilson to myself, dated Salem, Sept. 13th 1839, I make the following extract:

"I shall according to your suggestion notify Mr. Smith and Mr. Martin, with the services of both we can now dispense, as nothing is doing at Silver Creek, and all the masonry to the 14th section completed, except on sections two and three abandoned."

So far as I am able to understand my own motives, I have never employed or discharged any engineer on account of his politics, nor have I ever awarded any contract upon this principle. A large majority I think two-thirds or more, of the contractors on the Wabash & Erie canal from the State

line to Lafayette, have been Van Buren men. The person who has been clerk in the land office for the last two years, is opposed to me in politics. I appointed him in the place of a Whig. Of the two superintendents of repairs on the Wabash & Erie canal, one is opposed to me in politics, and so was the person who preceded him in that station. The majority of the engineers in this State have been Whigs, but this I think was owing to the fact that a majority of that profession in the west, so far as my knowledge extends are of Whig politics.

In the Spring of 1836, the board directed me to visit the eastern States for the purpose of engaging the service of engineers; three gentlemen were then engaged, to-wit: Gen. Mitchell, Col. Torbert, and Mr. Coryell; and at a subsequent period I employed Mr. Moore. These are all the engineers that I have invited into the service of the State from abroad, so far as I recollect, since 1836. Three out of the four were opposed to me in politics.

Interrogatory No. 18.

Did you or not, despatch Mr. Sprague and Mr. Patterson from the locating party, between Vernon and Columbus in the spring of 1839, to examine and re-measure the work at or on the Graham bridge? If so, what induced you to do it? At what time was it done, and how long afterwards was it before Beckwith was arrested?

Interrogatory No. 19.

Had or had not Beckwith charge of said locating party at the time?

Interrogatory No. 20.

Did or did not Gov. Wallace in his official capacity, or otherwise, tell you that you must examine Beckwith's account long before you did, and if you did not, that he would see that it was done, or something to that effect?

Interrogatory No. 21.

Did not Gov. Wallace say to you previous to the arrest of E. M. Beckwith, that he was guilty of improper conduct, and that it was insufferable longer to continue him in the public service, or words to that effect, and that you ought to arrest him?

State when this conversation occurred, and where, how long before his arrest, and what measures were taken in pursuance of the suggestions of Gov. Wallace?

Answer to No. 18.

I did not despatch Mr. Sprague and Mr. Patterson from the locating party between Vernon and Columbus, to examine and re-measure the Graham bridge. Such a step would have given publicity to our suspicions, and Beckwith would probably have fled the country, and thus escaped punishment. Messrs. Sprague and Patterson made some calculations about that time, but they were made secretly in camp. Beckwith was arrested at the first suitable opportunity after his errors were fully ascertained.

Answer to No. 19.

Beckwith had no charge of the locating party after my first suspicions of his over estimates.

Answer to No. 20.

Gov. Wallace did not tell me I must examine Beckwith's account. He never spoke particularly to me of his accounts, that I recollect, nor did he ever make to me any such threat as that alluded to in this interrogatory.

Answer to No. 21.

Gov. Wallace never said anything to me about arresting Beckwith. He never stated to me so far as I can recollect that it was insufferable longer to continue him in the public service. Some time in the spring of 1839, I think in the month of April, Gov. Wallace told me that there were further complaints against Beckwith, and stated that Gov. Hendricks and Mr. Branham had been speaking to him on the subject. I do not think he made any mention of over estimates. At the time of that conversation the dismissal of Beckwith as soon as he made the location to Columbus, had been determined upon, though I do not know that we had made it public. I have every reason to believe the idea of arresting Beckwith on a criminal charge, originated with myself.

For more full answers to these four last interrogatories, I refer to my general answer to interrogatories Nos. 15 and 16.

E. S. MURRAY submitted his answers to the following interrogatories:

“INDIANAPOLIS, 18th January, 1841.

E. MURRAY, Esq. }
Representatives' Hall. }

DEAR SIR: Will you please answer the following questions to lay before the Committee of the Senate?

Interrogatory No. 1.

Were you a contractor on the Wabash & Erie canal when D. Burr served as acting commissioner thereon? If so, state whether you know or have reason to believe that he was improperly influenced in discharging the duties of his office generally.

Interrogatory No. 2.

Whether you know or have reason to believe that he awarded contracts with the view of receiving benefits therefrom, or of his having received presents of any kind from a contractor, or of having been interested in any way directly or indirectly as a partner, or of having shared profits with a contractor, or of having bought estimates at a discount?

Interrogatory No. 3.

Have you reason to believe he was in the habit of loaning money to contractors? If so, whether in your opinion he received interest or compensation for its use.

Interrogatory No. 4.

Also state briefly your opinion of his transactions with the contractors whether fair and correct or otherwise.

Answer to No. 1.

To the first interrogatory I answer, I was; and I have no reason to believe he was improperly influenced in any way, while in the discharge of the duties of his office.

Answer to No. 2.

I do not know nor have I any reason to believe he was ever engaged in any of these acts.

Answer to No. 3.

I have reason to believe he often loaned money to contractors when in necessity, but in no instance do I know of his taking interest or any other reward directly or indirectly.

Answer to No. 4.

My opinion briefly of his transactions, is, that they were all honorable and just.

M. S. WINES submitted his replies to the following interrogatories :

Indianapolis, 18th Jan. 1842.

M. S. WINES, ESQ.,
House of Representatives. }

Dear Sir : Will you please answer the following questions, to lay before the committee of the Senate ?

1st. Were you a contractor on the Wabash and Erie canal, when D. Burr served as acting commissioner thereon ? If so, state whether you know or have reason to believe that he was improperly or selfishly influenced in discharging the duties of his office generally.

2nd. And especially, in either awarding contracts, with the view of receiving benefits therefrom, or of his having received presents or considerations of any kind improperly from contractors, or of having been interested in [any] way, directly or indirectly, as a partner, or

of having shared profits, with a contractor, or of buying their estimates at a discount?

3rd. Have you knowledge or reason to believe he was in the habit of loaning money, or advancing money to contractors? If so, state whether he received interest or compensation of any kind for the same; or derived benefit in [any] way therefrom. And if in your opinion he could derive no benefit, state if in your opinion, from the hurry and magnitude of the business at payments of the estimates, there was liability of loss on his part.

Have you ever known money advanced by him in this way, paid back, when he had no account or memory of the transaction, or reason to believe that it has been so done?

The committee sit on the investigation to-morrow, Wednesday evening. Pray prepare your answers.

Yours,

D. BURR.

The following questions were propounded to me by David Burr, and to the

“First, Were you a contractor on the Wabash and Erie Canal when D. Burr served as acting commissioner thereon? If so, state whether you know or have reason to believe, that he was improperly or selfishly influenced in discharging the duties of his office generally.”

Answer.

I was a contractor on the Wabash and Erie canal when D. Burr served as acting commissioner thereon, but I do not know nor do I believe he was influenced by selfishness in the discharge of his duties generally; but I have great reason to believe and know that he acted improperly, in that, that in his great zeal in the service of the State, he sacrificed his own interest and tarnished, *for a time*, his good name by that sacrifice. And to question

“Second. And especially, in either awarding contracts, with a view of receiving benefits therefrom, or of his having received presents, or consideration of any kind, improperly as a partner from contractors, or of having been interested in any way, directly or indirectly as a partner, or of having shared profits with a contractor, or of buying their estimates at a discount?”

Answer.

I know of no such acts as are referred to in this second question. And to the question,

“Third. Have you knowledge or reason to believe he was in the habit of loaning money or advancing money to contractors? If so, state whether he received interest or compensation of any kind for the same; or derived benefit in any way therefrom. And if in your

opinion he could derive no benefit, state, if in your opinion, from the hurry and magnitude of the business at payments of the estimates, there was liability of loss on his part.

“Have you ever known money advanced in this way by him, and paid back when he had no account or memory of the transaction, or reason to believe it has been so done?”

Answer.

I know he (David Burr) was in the habit of loaning money, or advancing it to contractors. I never knew him to receive interest or other consideration, for the use of the money. Nor do I believe he ever did receive any compensation for money loaned or advanced. I have always believed he lost money by his disposition to sustain contractors who had their work at so low a price, that without occasional advances, they could not complete their sections, and if such sections were abandoned their cost would generally be increased from 50 to 100 per cent.

I have no doubt but Mr. Burr occasionally lost money at the payment of estimates.

I never knew, but have heard, of debts for borrowed money being acknowledged and paid, of which Mr. Burr had no account, nor, as was believed, any recollection; one of which was as I was told by the borrower, 500 dollars, according to my recollection.

N. NOBLE submitted his reply to the following interrogatory.

Interrogatory No. 17.

At the time of the extension of the contract with the Madison Bond Company, made in March 1841, had you any knowledge of a release and settlement made by your predecessor of said contract with said company, or did you suppose that the contract had expired by its own limitation?

Answer.

I have made two applications to John King, the witness, to see the original paper, that I might be able to determine whether I have seen it or not, but without success. I have no recollection of seeing or hearing of any other instrument at the time I extended the contract, than the receipt and settlement. As to any other information or opinion, I may have of the execution of the rescinding article, I decline respectfully, to make any communication to the committee, for the reason that there is a suit pending between the State and the company, that may be affected thereby.

Interrogatory No. 18.

State whether you was at Madison when Beckwith was arrested, by Mr. Williams. If so, state whether he consulted with you—whether any suggestions were ever made by him which indicated a disposition on his part to let Beckwith escape, on condition that he would testify against the contractors, or for any other reason. And state generally all you know or have reason to believe of the purposes of Mr. Williams in regard to the punishment of Beckwith.

Answer.

I was at Madison with Mr. Williams at the time of Beckwith's arrest, and having examined the testimony of Mr. Palmer, concur with his relation in every particular, though was not present in the disclosure made to Beckwith of the detection of his frauds, by Mr. Williams in presence of Mr. Palmer. Mr. Palmer was selected, as I understood as the disinterested individual, (he not belonging to state board) in the presence of whom, Mr. Beckwith was to be informed of his over estimates, though perhaps without his, Mr. Palmer's knowledge of the object. No suggestion was made proposing to release Beckwith if he would testify against the contractors, and from the part I took with Mr. Williams in the exposure and arrest, I know nothing of the kind was contemplated. The evening before the arrest of Beckwith at Madison, two of the contractors implicated with him, came to town. In the morning early, by agreement, I took one of them aside, (John Carnahan) and Mr. Williams the other, and after getting from them all the information we could, we compared their statements. I insisted on Carnahan's remaining that day in Madison, but he was much agitated and refused to stay. Whilst Mr. Williams was about to make affidavit before the Mayor, for the arrest of Beckwith, he and the two contractors left Madison to take the cars for Vernon—to prevent their escape, Mr. Williams dispatched a messenger to the depot, with orders to the officers of the train of cars, not to leave until further notified, and by this Beckwith and the two contractors were delayed until the civil officer arrived, arrested Beckwith, and summoned the contractors as witnesses.

Beckwith was deemed competent as an engineer, but was very much disliked by some of the contractors, whilst he was very popular with others. Immediately on my taking my seat on the state board, I was requested by some not to assent to the appointment of Beckwith, in the new organization to be made in the corps. Those who opposed him the more strongly, were the relatives of an excellent man, though too inexperienced an applicant for the appointment, and of these, Gen. Stapp was one. I called for something stronger than rumor, and proposed an examination of his conduct if any specifications should be offered against him; but none was made for the board to act upon. When about to reorganize the corps as required by law, I had a free conversation with Mr. Williams, in which I found him de-

terminated not to offer Beckwith's name for reappointment until time could be had to enquire privately into the objections, and therefore no appointment was made on the Railroad. The last week in March, and after appointments were made of engineers on other lines, I commenced a trip along the lines with the chief engineer, Mr. Williams, taking the Railroad line first and thence from the one end to the other, of the White Water Canal. Whilst on this trip, Mr. Williams determined he would not offer the name of Beckwith to the State Board for appointment, and had my concurrence in the determination he expressed. This was not because any knowledge had been obtained on the trip of an act corrupt in its character, but he was thought overbearing with some contractors, and perhaps partial with others; and these objections were not calculated to inspire that harmony and confidence necessary to the progress and faithful execution of the work. This determination was not disclosed to Beckwith, and he was kept employed chiefly in locating the line from Vernon to Edinburgh. The last of April or in May, one of the assistant engineers, as I was told, from a conversation with one of the contractors, and from some entries found in a book in Beckwith's office, had his suspicions excited and entered into some rough calculations, to see if the Graham bridge had not been overpaid, and communicating his suspicions to Mr. Williams, an examination was made, but in so cautious a manner as not to give that kind of notice to Beckwith and the contractors, that might lead to their flight or the making away of property. As to the suspicion of over estimates, nothing of the kind was ever uttered to me by any of the opponents of Beckwith, until they were established in the way alluded to, nor do I think any one knew but his accomplices. After his exposure, I heard the story of some one who knew of the fraud, that had removed to Connersville, but in looking up testimony, I could get no name of any such person. Beckwith was arrested at my instance in the civil action in which the judgment was obtained, and escaped the custody of the officer.

J. L. WILLIAMS returned his answers to the following interrogatories:

Interrogatory No. 22.

Did you or did you not when T. A. Morris was sent by you to measure the work on the contract of Hendricks at the Madison hill, confine Morris in his measurements to the field notes of Beckwith, or those furnished by him?

Answer.

Mr. Morris was detailed to measure Hendricks section in pursuance of the recommendation of the board, which was in the following words:

"The committee recommend to the board that to settle the question as to the amount of work actually done on said section, the prin-

cial engineer cause an estimate to be made by a resident engineer taken from some other line, whom he shall order upon that especial service, as soon as the public interest will admit of it; and that in case of any excess over the estimates already made, the acting commissioner shall in accordance with the terms of the contract between the parties forthwith pay the same to the memorialist; and also, for any extra work which he may be satisfied has been done, which may not be embraced in former estimates."

The object of Mr. Morris's visit was to carry out the spirit and intention of this order. I think I gave him no written directions, nor do I remember the particular conversation which took place.

Interrogatory No. 23.

Did you at any time during that investigation referred to in your answer above, have the question put distinctly to you, whether the profile of Beckwith, at Madison hill, was true or false? and in answer to such interrogatory did you say whether it was true or false?

Answer.

My testimony before the board in regard to the profile, as recorded by the secretary, has been given in my general answer to interrogatories Nos. 9 and 10, to which I respectfully refer the committee. I have no recollection as to the shape in which the question or questions were put.

Interrogatory No. 24.

At the several times or any of them, at which accusations were made to you against Beckwith, of dishonesty or other improper conduct, or information on that subject communicated to you a long time previous to his discharge, by William Hendricks, J. H. Hendricks, Milton Stapp, Gov. Wallace, or other persons, were such accusations true or false, as appeared by subsequent disclosures?

Answer.

William Hendricks and J. H. Hendricks, in their letters to me in August and September, 1838, charged Beckwith with making too low estimates, and with other errors and misconduct on section No. 2. By subsequent developments the charge of low estimates was not proved to have been true to any considerable extent. Some of the errors charged in the levels marked on the profile were afterwards proved to have been true. They also charged him with being arbitrary and overbearing in his intercourse with them. This charge I now think was true. Milton Stapp, about the first of March, 1839, one month before we determined to dismiss Beckwith, stated that he had heard there was something wrong in his conduct, but did not de-

fine the charge. At that time Beckwith was guilty of gross frauds, but the officers of State did not know it. Gov. Wallace, about the time of Beckwith's dismissal, told me of charges made against Beckwith, by Gov. Hendricks. At that time he was guilty of great frauds against the State.

Interrogatory No. 25.

Did you or did you not, sometime in the summer or fall of 1840, admit to A. Hendricks, at the Madison Hotel, that it was a matter of deep regret to you that you had testified to the truth and correctness of the false profile made out by E. M. Beckwith, or words to the above effect?

Answer.

The testimony which I gave to the committee, of that profile, was in a qualified form, and only stated as my belief, as will be seen by my answers to interrogatories Nos. 9 and 10. I have often expressed my regret that I had been deceived by Beckwith in relation to his integrity and conduct *generally*. I have no recollection of the particular conversation alluded to in this interrogatory.

Interrogatory No. 26.

State what you know in relation to the slip which occurred on Hendrick's section on the Madison road, what was the condition of that slip when you took charge of the road, what advice you gave, if any, in relation to securing it, &c.

Answer.

The embankment is very heavy and most of it composed of rock. Being placed on a hill side the base on which it rests, has yielded to the great weight, and caused the bank to slide. Had there been a very large and expensive ditch cut on the hill side before building the bank, I think it would have had a tendency to prevent the slip. This I think should have been done. Such a base was cut, according to my recollection, under all or nearly all the banks made, after I took charge of the road. I must remark however, that a slip of such magnitude as this is very difficult to control; the weight is so tremendous that no slight barrier or trivial expedient can be of much service. Whether this ditch or base under the bank would have prevented the slip is problematical to say the least. Mr. Hendricks frequently spoke to me of the slip, and desired me to do something to arrest it. There was no want of disposition to arrest the slip, but only of the ability to do so. It was a matter of great difficulty after the bank had been commenced, to devise any plan, on which much reliance for security, could be placed. All the plans proposed involved a heavy expense, that was certain; while the advantage to result therefrom was uncertain. While acting as assistant engineer on the Miami canal, fourteen years ago, I had much experience with similar slips, along

the Mill creek hills near Cincinnati, and I knew that large sums of money were expended there, in driving piles, and other projects, to but very little purpose. In cases of this kind it is much easier to predict the evil than to prevent it. My advice in reference to this slip has always been such as seemed to me most judicious in reference to the interest of the State.

Mr. Hendricks was permitted at his request to build several stone walls at the base of the bank, under the hope of checking the evil. I do not think these walls of much service. The benefit resulting I am sure is not equal to their cost.

Interrogatory No. 27.

Did or did not Mr. Frazer, in a communication to you, previous to his discharge, say to you that the work on the New Albany and Vincennes road, east and west of Paoli, could be superintended by four junior assistants?

Answer.

From a letter of Mr. Frazer to me, dated January 14th, 1839, I make the following extract:

"The locations being finished on this line for some time to come, there is now no necessity whatever for a first assistant engineer on this road. Junior assistants alone are necessary, and four will be sufficient. The one residing at New Albany should rank as a second assistant owing to the difference in the cost of living."

This suggestion was made in the middle of winter, when but little was doing on the grading west of Paoli, and nothing east of Paoli, except the breaking of the metalling. This number of assistants would have been sufficient, up to the time when the placing and spreading of the metalling on the road was commenced, when an increase of the corps for this temporary purpose would have been necessary under any state of things. When Mr. Frazer suggested this organization, he could not, as I suppose, have had reference to the state of things which arose when the spreading of the metalling commenced, or if he had, having himself no experience in metalling, his belief that four assistants would be sufficient, would not have been realized. It was impossible, from the nature of the case, for any one not experienced in putting on metalling, and not knowing how rapidly the contractors would progress, to foresee exactly what help would be required; the putting on of the metalling being a new branch of business, and distinct in its nature, from the regular operations of grading and bridging, no one at that time could have determined what amount of superintendence would be required in laying on the metalling, for no one knew how rapidly the contractors would progress.

Interrogatory No. 28.

How many junior assistants were subsequently placed on said

road, and at what pay per annum? Also, how many first assistants, including Mr. Smith, and at what per annum? And again, to say that the superintendence of a resident engineer on said road did not cost any thing, how can you make it appear, that the salary of a resident engineer was saved by the change in the engineer corps?

Answer.

The regular corps on the road after Mr. Frazer was discontinued, according to my recollection was, two junior assistants east of Paoli, and one junior assistant and one first assistant west of Paoli. The pay of a junior assistant, 556 dollars per annum; of a second assistant, 696 dollars, and of a first assistant, 920 dollars per annum. The only difference in the expenses of this corps, over that suggested by Mr. Frazer, is, in having one first assistant in the place of a second assistant. This difference amounts to 224 dollars, which deducted from 1,500 dollars, leaves 1,276 dollars as the annual saving, which is nearly the pay of a resident engineer, as stated in my previous answer. The laying on and spreading of the metalling was commenced about May or June, and was prosecuted with unusual despatch, so that the whole 41½ miles was completed by December, excepting on two sections. The two junior assistants who belonged to the regular corps of the line, were required to set a row of stakes with the level across the road for the metalling, once in every fifty feet, for 41½ miles, which was as much as they could do during the short time the metalling was being put on. To show that the employment of additional assistants, while spreading the metalling, was anticipated by all, I quote from the specifications signed by Mr. Frazer, as follows:

“No metal can be spread on the road until such time as the engineer may direct, and then only *in the presence of an agent* appointed to superintend the same.”

This requirement was a judicious one, and to carry it out, Mr. Wilson was compelled to employ two first assistants temporarily, one for about three months, and one for five months. This was an extra service, in addition to what was contemplated at the time Mr. Frazer made the suggestion quoted in the beginning of this answer, and would have been necessary whether Mr. Frazer had been continued or not.

In proportion to the amount of work done by contractors, the expenditure for assistants was much less after Mr. Frazer left the road than before. From my knowledge of all the circumstances, I believe that there was a saving by dispensing with Mr. Frazer, as before stated.

I will state here, that the whole cost of superintending the work east of Paoli, during the season after Mr. Wilson took charge of the work, including all the engineers, amounts to less than two per cent. on the value of work done by contractors. This is less than the usual per centage paid for superintending such work.

Interrogatory No. 29.

You speak of anonymous communications in newspapers, and otherwise, in relation to disputes and quarrels on said road, did you ever see such, and what was their character, and how many did you see, and at what time?

Answer.

I recollect to have seen at least three newspaper or hand-bill communications signed by officers on that road.

Interrogatory No. 30.

Did you ever see a hand-bill or newspaper of any kind, that you knew to belong to Mr. Frazer, or knew him to be the author thereof?

If you did see an anonymous communication, do you or do you not know, that Owen P. Owens was the author of it, and was or was it not written by him in order to show, in his opinion, to the community, that Clendenin had, by consent of the board of internal improvement, placed such a construction upon the specifications of 1836, as gave to the contractors the sum of 10,000 dollars, improperly and solely with a view to his, Clendenin's, popularity?

Answer.

I do not recollect to have seen any such communication signed by Mr. Frazer. I know however, that Mr. Frazer was deeply engaged in this unpleasant quarrel, so long continued amongst the officers on that line. I have letters in my office from Mr. Frazer, which give evidence of a long continued quarrel with Clendenin, of the worst aggravated nature.

I made considerable inquiry into all these matters, as it became my duty to do, and ascertained that Mr. Frazer and Gen. Clendenin were the principals in this quarrel, and that Mr. Smith and Mr. Owen took sides with these gentlemen, one taking part for Frazer and the other for Clendenin.

I recollect to have seen a communication on this subject in a New Albany paper, which I was informed was written by Mr. Owen. I do not recollect particularly the nature of it, except that it was against Clendenin.

Interrogatory No. 31.

Was or was not Mr. Smith deeply engaged in the warfare of hand bills? And have you not seen one of the most scurrilous character over the signature of G. C. Smith? And was or was you not in-

formed by Col. Thornton and others, that Mr. Frazer had never taken any part in the paper abuses of Clendenin and others.

Answer.

I recollect to have seen a hand-bill signed by Mr. Smith, which with the other circumstances, induced me to think him engaged in the controversy. I do not recollect particularly the conversation with Mr. Thornton. It is very probable that he made this remark.

A. HENDRICKS submitted his replies to the following interrogatories:

Interrogatory No. 21.

In your answer to the thirteenth interrogatory you speak of "having taken a great deal of trouble to convince him (Mr. Williams) of the dishonest acts of E. M. Beckwith:" state particularly whether you allude to his acts connected with your section, No. 2; and if you allude to his acts on any other section, state what section and what particular acts, and when you informed Mr. Williams of the facts, and whether you made the same charges before the board?

Answer.

I allude to his reputation before leaving Pennsylvania; to our own section, No. 2, and that line of work generally, of which I informed Mr. Williams, from time to time, as opportunity occurred, sometimes by letter and sometimes verbally; and by my application to the board some of those charges were made.

Interrogatory No. 22.

In your further answer to the thirteenth interrogatory, you speak of "having told him (Williams) of the great loss the State was sustaining by his (Beckwith's) continuance in the service:" state particularly whether the losses here referred to were by over estimates, and if so, on what section did they occur, and when did you give that information to Mr. Williams?

Answer.

The losses alluded to in some of my complaints were those of general mismanagement along the line, but more particularly on section No. 2. I did suppose and did charge favoriteism; and as the Carnahan bridge, or Graham bridge contract had been long talked of as a seat of probable corruption, I suppose I may, and doubt not but that I have, frequently spoken of it with suspicion. To give dates or state further particulars I will not attempt. My motive was not to persecute the young man, (Beckwith,) I only wanted justice to overtake

him. Finding Mr. Williams laboring to charge upon me persecution and violent attacks heretofore made on Beckwith and now making against him, I will simply add, that the worst statements I ever made him (Williams) about Beckwith have since turned out all facts. Every thing stated by me, and all that I could do was of no avail.

Interrogatory No. 23.

In your further answer to the thirteenth interrogatory you speak "of Mr. Williams interfering in the Legislature to prevent investigation:" Please state at what time Mr. Williams interfered to prevent an investigation of the conduct of Beckwith? What was the nature of the bill or resolution then pending with which he interfered.

Answer.

For time and facts I refer the committee to Mr. Marshall and other members of the General Assembly of 1839, or to Mr. Williams's own statements under oath.

THOS. HAYS returned his answers to the following questions:

Interrogatory No. 1.

Please state whether Abram Hendricks called on you a few weeks since at Columbus? And if so, state what appeared to be the object of his visit to the railroad line, and what conversation passed between Mr. Hendricks and yourself.

State whether you accompanied Mr. Hendricks thence to Vernon, and what further conversation took place, and state all the circumstances that occurred as far as you recollect.

Interrogatory No. 2.

State also, whether from that conversation or from any other remarks of Abram Hendricks, you have received the impression that he entertained unfriendly feelings, ill will or prejudice against J. L. Williams.

Interrogatory No. 3.

You have been referred to by T. W. Graham, as evidence to sustain him in the charge of "L. B. Wilson's over-bearing disposition to contractors and land owners, on the Jeffersonville and Crawfordsville road, and his unwillingness to give a complainant a satisfactory answer to any thing relative to his or their business."

State whether you have found him over-bearing, and whether he has or has not answered your questions, relative to your business as contractor. State all you know upon the subject.

Answer to No. 1.

In answer to the first interrogatory, Mr. Hendricks sent me word by my brother, that he wished to see me at Mr. Jone's tavern, at Columbus. Early in the morning I called to see him; his first enquiry of me was, if I knew of any thing against J. L. Williams, Noah Noble or John Woodburn. He said he had a blank subpoena from the investigating committee, and was authorised by them to fill it up with whatever names he pleased, but first wished to know what the witness would testify to, as he did not want to subpoena any person but such as knew of some improper conduct in the above named persons; my answer to him was such as did not suit him to subpoena me. He enquired particularly of me if I knew of any person that did, and named several acquaintances, and asked if I thought they, being put to their oath would not disclose something. I told him I did not know. I told him that Mr. E. Farrell and Mr. Thompson W. Graham might, as I had heard them complaining. I travelled most of the way in company with him to Madiscn. At Scipio I heard him interrogate Edward Farrell much the same as he did me. Our conversation was considerable, and I cannot undertake to give it all as it embraced other subjects. By his conversation he appeared very anxious to find witnesses.

Answer to No. 2.

From the conversation had with Mr. Hendricks, and that over heard with him and others, I cannot but believe that he certainly was and does entertain very unfriendly feelings towards the above named gentlemen and particularly towards Jesse L. Williams.

Answer to No. 3.

Why Mr. T. W. Graham should refer to me or give my name as authority to sustain himself in charges made against L. B. Wilson, as being overbearing and not willing to give contractors and land holders satisfaction about their claim, I am unable to say as I never did give him any cause for so doing. I have as a contractor done a great deal of work under Mr. Wilson, not only on the Jeffersonville & Crawfordsville road, but on the Wabash & Erie canal, and never knew him to have that name, he has always given me all the satisfaction that I required of him, (but not quite as much money as I would like to have had.) He has always been called a very close or tight engineer, and I believe an honest one.

WILLIAM GRIFFIN returned his answer to the following interrogatory:

Interrogatory No. 1.

State whether you have heard Abram Hendricks speak of J. L. Williams in such terms as would shew a vindictive feeling or a strong prejudice against that individual?

Answer.

I answer this in the affirmative.

D. R. BEARSS returned his answer to the following interrogatory:

Interrogatory No. 1.

State whether you have heard Abram Hendricks speak of J. L. Williams in such terms as would show a vindictive feeling or a strong prejudice against that individual?

Answer.

I have so heard Mr. Hendricks speak of Mr. J. L. Williams frequently.

A

H. P. COBURN submitted the following communication in compliance with the request of the committee, accompanied with certain testimony of Mr. J. L. Williams in the case of the State *versus* Patrick M'Ginley.

TO THE CLERK OF THE SUPREME COURT.

Please furnish the Committee of Investigation on the part of the Senate with a transcript of so much of the testimony in the M'Ginley case as contains the letter from Jesse L. Williams, relative to a suspension of operations on the Silver creek bridge, and the subsequent testimony of said Williams relative thereto: referred to in the interrogatory to J. G. Marshall, and his answer thereto, herewith sent to you; or, if more convenient, please send the original depositions or other testimony, which shall be carefully returned to the office.

Respectfully,

J. C. EGGLESTON.

INDIANAPOLIS, Jan. 13, 1842.

J. C. EGGLESTON, Esq.

SIR:

I hope the enclosed will answer the purpose for which it is requested. I have endeavoured to comply with your request, and believe that the extracts made from the record contain all the important statements of Mr. J. L. Williams in respect to the letter copied in the inclosed. It was not in my power to furnish a copy last evening, as it was but a little while before sun setting I was asked for it, and as I was then visited with a very troublesome headache.

Yours with respect,

H. P. COBURN.

"THE STATE OF INDIANA
versus
 PATRICK M'GINLEY. } Appeal from the Floyd Circuit Court.

"NEW ALBANY, Oct. 5, 1837.

"PATRICK M'GINLEY, Contractor, Silver creek bridge, Jeffersonville and Crawfordsville road.

"SIR:

"IN discharge of the duties with which I have recently been charged by the Board of Internal Improvements, I have to-day examined, for the first time, the masonry in the abutments of Silver creek bridge. I find the work to be of a very imperfect character, both in material and workmanship, and wholly unsuited to sustain an arch of so great a span. It therefore becomes my duty to direct an immediate suspension of the work.

"The greater part, if not the whole, of the masonry now laid must be removed, and other and better stone prepared, before the work can be recommenced; and as the season for laying masonry is now nearly past, the work cannot be resumed until next spring.

"I regret very much the delay, as well as the expense to the contractor which this decision will cause, but cannot do otherwise. The duty is imperative. An arch of this magnitude could not be sustained by abutments formed of such masonry.

"Respectfully,

"J. L. WILLIAMS, Princ. Engineer."

The following is a part of the deposition of said Jesse L. Williams, part whereof was taken on the twenty-eighth day of September, 1839, and a part on the fourteenth of December, 1839.

"My first examination was made on the fifth of October, 1837. I spent nearly half a day on the work with the contractor, Mr. M'Ginley; J. G. Clendenin and John Frazer of Paoli were also present on the bridge. I took up several parts of the wall. I found the masonry very defective, and of a character wholly unsuited to sustain a structure of this kind, and, in my opinion, incompatible with the letter of the contract as well as its spirit and meaning. The prominent defects were these: to wit,

"*First*, I found that the abutments had been built without any front headers:—whereas these headers or binders, from four to five feet long, and once in eight feet in each course, are always deemed essential to substantial and workmanlike masonry, for the purpose of connecting the front and back parts of the wall.

"*Second*, Many of the face stones were very narrow, having less bed than thickness; and some stones, eighteen or twenty inches thick, were only three or four inches wide at the ends; whereas, in substantial and workmanlike masonry of this kind, it is always essential that

the width, or bed of the face stone should be full as much or more than their thickness, and they should be of full width, or nearly so to the ends.

“*Third*, The bed joints were very open, some of them so much so as to receive a mans’ hand; whereas in good cut masonry no joint is allowed over one eighth of an inch.

“*Fourth*, Many of the backing stones, amounting to one third or one half of the whole quantity, were so small as to contain less than one third of a cubic foot; whereas in the specifications usually adopted for substantial and workmanlike masonry, no backstone is allowed of less size than three or four cubic feet, except a very small quantity to fill the cavities which unavoidably occur between the larger stones.

“*Fifth*, The backing stone appeared to be laid without much regard to the bond, and a portion of the stones on the wing walls of the east abutment appear never to have been removed after being rolled down from the stone sled on which they were hauled; whereas it is always deemed necessary to substantial and workmanlike masonry, that the backing should be laid with the utmost care, so as to form the strongest bond.

“*Sixth*, By taking up portions of the wall I found, that a great proportion of the cavities, perhaps two thirds of the whole space was, entirely empty; whereas in substantial and workmanlike masonry it is usually required that all the cavities in the wall be filled either with grout or mortar.

“On the same day of the examination I explained to Mr. McGinley, on the walls and elsewhere, very fully, the nature of these defects, and told him verbally that it was my duty to require the work to be suspended, a part of it taken down, and an entire change in its character effected; that headers must be provided, &c. I afterwards embodied the substance of this direction in a letter to the contractor, dated Oct. 5, 1837, which I handed to him at the Louisville hotel, I think on the 6th of October, 1837, and just as I was leaving for another part of the State.

“In my letter to Mr. McGinley, dated Oct. 5, 1837, I stated that the work was defective ‘both in materials and workmanship.’ My objection to the materials prepared and put into the bridge had reference to the size and shape of the stone. The stone had not only been broken too small in quarrying, but had been gotten out in ill-shapen masses. There were very few stones in the yard, if any, of sufficient length and of the proper form for a header. The stones prepared for the bridge were (with the exception of a few water lime stone, amongst the backing) of a very durable character, as it respects their mineralogical structure and the action of the frost upon them.”

THE STATE OF INDIANA, ss.

I, HENRY P. COLBURN, Clerk of the Supreme Court, do certify that the foregoing is a full and true copy of the letter of Jesse L. Williams,

and that the extracts are full, true, and entire, as taken from the transcript of the record on file in the above named case.

H. P. COBURN, C. S. C.

- January 13, 1842.

The following communication was received from Milton Stapp, marked (A):

INDIANAPOLIS, JAN. 25th, 1838.

To the Investigating Committee of the Senate,

GENTLEMEN :

Last evening Mr. Noble asserted that no such contract took place between Mr. Sherwood and myself, as I have reported to the Legislature; and as proof to sustain his position, produces a proposition from Sherwood, for a settlement with him in the latter part of April last, in which proposition nothing was said about the treasury notes or assets west, and consequently infers that these treasury notes or assets west would never have been accounted for to the State, had he accepted Sherwood's proposition.

This proposition to Mr. Noble is as follows :

Bonds in hands of Sherwood,	-	-	-	-	\$ 680,000 00
Returned and in the hands of Hunt,	-	-	-	-	270,000 00

\$410,000 00

I can return in a short time, the bonds in the hands of Holford, Banks & Co.	-	-	-	-	180,000 00
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\$ 230,000 00

Pledged for 115,000 dollars, to pay which I have stock in the Checaugo Bank, 65,000 dollars, pledged for 25,000 dollars,	-	-	-	-	40,000 00
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Six thousand shares Drydock stock,	-	-	-	-	180,000 00
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\$ 220,000 00

Drydock stock pledged for	-	-	-	-	47,500 00
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\$ 172,500 00

This proposition clearly sustains me in what I say about that contract with Sherwood, for on an examination of the matter you will find that Sherwood had 730 bonds. See my report to the Legislature, page 16. See also, Sherwood's receipt connected with the bonds

sold to him, and the bonds taken up from J. J. Palmer, and they present these facts, to-wit :

Sherwood's receipt in the hands of Noble, for bonds,	-	490
Sold to him,	-	200
Received from J. J. Palmer,	-	40
		<hr/>
		730
Assets west, to-wit :		
Say 35,000 dollars given to me on a contract to return bonds,		50
		<hr/>
Leaving	-	680

for which he makes the proposition to Noble, and that too to give him the identical stocks that he had agreed to give me, thereby showing clearly that he was doing nothing more nor less than carrying out that contract.

He gives us another reason why this contract was not made with Sherwood, to-wit: That in August I exhibited a paper for settlement, which contained a charge of 200 bonds against myself as having been sold to Sherwood, and a credit of the treasury notes received for a part of those bonds. I have before stated and now repeat, that I never exhibited this paper for settlement. This paper was the copy of an original left with William Hendricks, Jr. in February, 1841, so that if I died he would know how to settle with the State. But after I made this contract with Sherwood, in all my transactions they show clearly that these treasury notes were received from Sherwood on an agreement to return 45 sterling bonds or 50 *dollar* bonds; and as a proof that this paper, which has been so much talked as having been given to Noble or his secretary, as a basis for a settlement, was never so given to them or either of them, I refer you to a memorandum book, now in the possession of Mr. Hubbard, containing the entries as made by him in July last, at the city of New York, and which shows that Mr. Sherwood was only to be charged with 150 bonds and not 200; proof clear that the 50 bonds were settled for by Sherwood in the way and manner that I have reported and testified to.

And to show to this committee that I had no speculation in view, but nothing but the interest of the State at heart, I will here give the price of the State stocks, and of the treasury notes, at the time the arrangement was made.

50 State bonds at 55 cents, is	-	\$27,500
35,750 treasury notes at 75 cents, is	-	\$26,802 50

On the 13th of April I entered into a contract with Nelson Robinson to furnish 30 of the above bonds at 55 cents to the dollar.

MILTON STAPP.

W. S. HUBBARD returned his answer to the following question:

Interrogatory No. 7.

Please state whether any drafts drawn on the fund commissioner in favor of contractors for metalling the Vincennes road, east of Paoli, bares date subsequent to the 2d March, 1840. State also, whether any drafts have been issued by L. B. Wilson in favor of contractors on said road, as asserted by Robert Stewart, which have been cashed by the fund commissioner, bareing the above, or any subsequent or prior date. State also, whether drafts issued to said contractors, on final settlement do not bare date March 3d, 1840.

Answer.

There was one draft in favor of E. Doan, contractor for \$59,20, an additional allowance for metalling on New Albany & Vincennes road, east of Paoli, which payment was made by drafts issued by N. Noble, subsequent to the settlement, besides which I know of none. From an examination of the drafts paid by myself, I am satisfied that Mr. Wilson issued no drafts in favor of contractors, east of Paoli, the contractors having been settled with and paid in drafts of date the 2d March, by J. A. Graham.

In settlement with contractors for damages, Mr. Wilson, for Gov. Noble did certify to the amount allowed to said contractors; this however, was on the road west of Paoli.

GEO. W. BRANHAM presented his answers to the following questions:

Interrogatory No. 7.

State at what time or times A. Green was absent from, and neglecting the business of the State, while attending to his private affairs, and what was the nature of these private affairs and whether he did actually receive his salary from the State while attending to his own affairs? Give the facts.

Interrogatory No. 8.

State from what board-yard in Madison the same quality of lumber that was bought by A. Green, could have been bought for from \$15 to \$16 per thousand, and by whom and from whom the same quality of lumber was purchased? Also, state the time the purchase was made of the pine boards, and likewise of the oak timber, of which you make mention in your previous answers. Also, state whether each was contracted and paid for by A. Green, or by whom.

Answer to No. 7.

I cannot properly say that Mr. Green's absence from, was a neglect of duty for he kept two sub-superintendents employed nearly all the time, to attend to the business, but as it respects his absence from, while others was attending to the business he was paid to do, I will refer to the time he spent in making a contract, with his present partner (a lady) during the year 1839 and 1840, and after the closing that contract, the several visits he made occupy-

ing about one-fourth of his time for the balance of the year 1840; the time he spent in attending to his family affairs during the year 1841, which amounted to at least one fourth of his time; as I was satisfied that the office was not necessary for the good of the road, I kept an account of the time necessarily employed by Mr. Green on the road, which did not amount to exceed one half of the whole time. In reference to Mr. Green's receiving pay for time not employed in the service of the State, I only know from his vouchers and receipted accounts, which I examined and found he had charged for and recovered pay as aforesaid. I do not know that Mr. Green's absence from, can be construed into a neglect of the interest of the State, unless the fact of his keeping two sub-superintendents employed nearly all the time to do the business the State was paying him for can be so construed.

Answer to No. 8.

In my answer to this question, I can only say that having been engaged in mechanical work in wood for a long time, and frequently purchasing pine boards in Madison, during the years 1837, 38, 39, and 1840, I purchased at different times lumber of as good quality, as that purchased by Mr. Green for the bridges, at from \$15 to \$16 per thousand; having passed by nearly every day, where the State hands were employed in working the lumber for the bridge, I was surprised to find about one-third of the lumber cut off and thrown aside, as unfit for use in consequence of sap, knots, and other defects in the plank, as Mr. Green had told me he paid \$30 per thousand for the boards; in reference to the oak lumber, what I know was from Mr. Green's proposing to give myself and others a contract for furnishing some of the lumber, which we declined doing as we were engaged in sawing timber for the railroad north of Vernon, and could not do it in time for him; whether Mr. Green has paid for the oak timber or not, I cannot say; he said he had the money to pay for it when conversing with me about sawing timber for him; and as the report of the board of internal improvement shows a payment of over \$12,000, for materials furnished and not used for the repairs on the road during the past year, and there being large quantities of oak lumber laying on the side of the railroad near the bridges, which was procured for their repairs, I have no doubt it was paid for by the State.

Mr. BRIGHT submitted the following deposition:

MADISON, Jan. 20, 1842.

HON. J. C. EGGLESTON. Chairman, &c.

IN reply to the interrogatory addressed to me, "whether you were the attorney for the State in the suit against Beckwith; and whether Mr. Williams consulted you freely and confidentially the evening before his arrest; and if so, what was the disposition manifested by Mr. Williams in regard to the punishment of Beckwith; and particularly whether any proposition was at any time suggested by him to let Beckwith escape on condition that he would testify against the contractors; or whether any such disposition was manifested by Mr. Williams; or did he evince a determination to punish Beckwith?—State all the facts of the case as far as you know,"

I state, that there was both a criminal prosecution for obtaining mo-

ney by false pretences, and a civil suit against Beckwith for a breach of duty as resident engineer, in both of which cases I acted for and as the attorney of the State. The prosecution was first instituted; and it was the result of that investigation, if I remember right, that determined us to bring the civil action. I was first spoken to by Mr. Williams. Without specifying the exact date, I recollect very well that Mr. Williams came to my house, late at night, just as I was about retiring to bed,—on the evening, I think it was, preceding the day of Beckwith's arrest:—It was on that evening or the evening of the day but one preceding,—and saying he had professional business with me, requested that I would go with him to my office, which I did. Arrived at my office Mr. Williams stated to me his suspicions of Beckwith, and exhibited, I think, abstracts (taken, as he said, from Beckwith's books,) and other papers, which, in connexion with a statement made to him by Mr. Lefevre, respecting some money he had loaned Beckwith, gave rise to his suspicions. He stated at the same time that it might all possibly be correct; but that from an inspection of the books and papers, and from the statements of Lefevre, he was led to believe that Beckwith had been acting dishonestly. He stated, too, that he did not wish to take any steps that would injure Beckwith if he were innocent; but, that if guilty, he deserved, and it was due to the public that he should be punished. As the result of our interview, it was determined that Mr. Williams should call on Beckwith the next morning, and obtain from him a satisfactory explanation, if it were in his power to give it; but if not, then we would proceed to have him arrested. I only know from what he and Mr. Palmer told me—not of my own knowledge, that Mr. Williams called on Beckwith. The next morning, however,—(I say as before, I think it was the next day,)—a warrant was issued by the Mayor on the suggestion and I think the affidavit of Mr. Williams, for the arrest of Beckwith. Beckwith was brought before the Mayor on the warrant, and an examination had, the result of which was, that he was required to give surety for his appearance at the next term of the circuit court.

Mr. Williams consulted with me “fully” and freely, not only the evening before Beckwith's arrest, (as I think it was,) but at all times afterwards, until the matter was closed by the recovery of judgment in the civil suit. As to the “disposition manifested by Mr. Williams in regard to the punishment of Beckwith,” at the same time that he seemed desirous that Beckwith should not be proceeded against without cause, he appeared equally anxious that, if guilty, he should be brought to punishment. No proposition was ever suggested or made, so far as I know or heard, to let Beckwith escape, on condition that he would testify against the contractors, or *on any other condition whatever*. I speak now with reference to the *prosecution*; for, as regards the *civil suit*, after Beckwith's arrest, and finding he could not give bail,—indeed, immediately after his arrest, *I myself* proposed to discharge him out of custody, on his making an assignment of his property, to be held in trust to pay whatever judgment might be recovered against him.

Mr. Williams was the prime mover in the whole business, and evinced a strong desire, not only that Beckwith should be punished for his frauds, but also that the State should recover from him an indemnity for the losses he had occasioned.

Such is my best recollection and belief in reference to the subject matter of your interrogatory;— which I received this evening, and to which I hasten the reply, in order to transmit it by to-morrow morning's mail.

Most respectfully, your obedient servant,
M. G. BRIGHT.

STATE OF INDIANA, }
JEFFERSON COUNTY, } ss.

CITY OF MADISON.

MICHAEL G. BRIGHT, being by me duly sworn, says that the foregoing answers to the several interrogatories propounded to him are true to the best of his knowledge and belief.

(L.S.) In testimony whereof I have hereunto set my hand and affixed the seal of the City of Madison, this twenty-first day of January, 1842.

MOODY PARK, MAYOR.

W. HENDRICKS and VICTOR KING submitted their joint answers to the following interrogatories.

Interrogatory No. 1.

Do you not believe that the affidavit of Samuel Wilson of Madison, in relation to receiving and forwarding railroad iron, was made under the influence of feelings of personal animosity, or rivalry in business, and with intent to injure?

Interrogatory No. 2.

Have you not heard, and do you not believe that Culver Woodburn, received no more than a reasonable compensation for his services in relation to said railroad iron?

Interrogatory No. 3.

Did you not know that John Woodburn was absent a considerable portion of his time when commissioner, and particularly during that season of the year, when heavily laden boats could run from New Orleans to Madison? Please state all you know, or have good reason to believe to be true, in relation to the above particulars?

Interrogatory No. 4.

Are not cargoes frequently received at Madison in the night, and on the Sabbath?

Interrogatory No. 5.

From your knowledge of said Wilson, have you any reason to believe that he would have been dissatisfied, had the business been given to any other than a relative of John Woodburn.

Answer to No. 1.

We have read a paper purporting to be "a true copy" of the testimony of Samuel Wilson, which we understand to be before the Senate's committee of investigation, and can but give our opinion upon paper, and our knowledge of the man; and say that it does appear to us and is our opinion that the testimony alluded to, must have been made under the influence of strong personal feelings. We believe there is a rivalry in business between Mr. Wilson and the Messrs. Woodburns, they having commission houses between Mr. Wilson's and the river.

Answer to No. 2.

Victor King says, that he considers the charge of 75 cents per ton for receiving and forwarding the iron in question, no more than a reasonable charge.

William Hendricks says, that he has never been familiar with such like business, is uninformed and unable to answer the question.

Answer to No. 3.

We know that John Woodburn during the time he was commissioner was a good deal absent from home on the business of his office. He was much in his railroad office in Madison; often upon the line and at Indianapolis. These cases from home and on business, made it necessary in our opinion to have an agent at the river to receive the iron, as steam-boats arrived. The reception of this iron we believe to have been a tedious operation.

Answer to No. 4.

Cargoes are frequently received at Madison in the night and on the Sabbath.

Answer to No. 5.

We think it altogether probable that Mr. Wilson would have felt better satisfied, had almost any other person been employed than Culver Woodburn, and have no doubt he would gladly have done the business himself.

GEORGE W. LEONARD and JOHN KING, submitted their answer to the following interrogatory.

Interrogatory No. 1.

Did you not in the winter of 1839-'40, sign a paper, in which you stated what you supposed to be the value of the services, in receiving and forwarding the Railroad iron? And were not the names of several respectable merchants of Madison attached to the same paper, and for the same purpose? And do you recollect the sum stated by yourself or others; and who those other persons were?

Answer.

We have some recollection of signing the paper referred to, but do not remember what price we affixed thereto, nor what other names or prices were to said paper. From what we know of such business we would think seventy-five cents per ton for receiving and forwarding iron would not be too much.

PHILIP MASON submitted his answer to the following interrogatory.

Interrogatory No. 1.

State what inducement or reason operated on the Board of Internal Improvement in making the contracts with Weyer, and with Hillis and Haas. The first for spikes, and the second for laying the track on the inclined plane? State also, who was to make the payment; in your opinion, the State or the Madison Company, and who had to bear the loss of the difference between the cash price of spikes and the price in bonds?

Answer.

In answer to the foregoing interrogatories, I must beg leave to refer the committee to an answer of the board made on the 28th day of last month, in answer to a resolution of the Senate in relation to contracts made by the board the past season. The particular reasons for the spike contract grew out of necessity. At the time of making the contract for laying the track north of Vernon, and for sometime after, it was supposed that nearly, if not quite enough of spikes were on hand to lay down the amount of iron previously procured; the spikes like the iron were in a situation that the precise amount could not be ascertained without much trouble. In laying the track it was found late in the summer that a considerable deficiency in spikes existed; this deficiency was to be supplied or the contract for laying the track abandoned, and a portion of the iron rails on hand be unlayed, and the portion of road then finished north of Vernon useless, as it terminated at a point where no conveniences could be had for doing the business of the road. In this dilemma T. A. Morris was directed to make the best arrangement he could, to procure the spikes under a former

contract with the Madison Company, the result of the instructions, and the price paid has been given by Mr. Morris in his answer to interrogatories of the committee, to which I beg leave to refer the committee. The demands upon the attention of the board, and the acting commissioner on this line, compelled him to leave minor matters to the agency of some one in the service of the State; and I have no doubt that the best arrangement was made in relation to the spikes that could have been made under the then existing circumstances, and although the price allowed was exorbitant, yet the profits arising from the use of this portion of the road, I have no doubt will soon refund the extra allowances.

The reasons for making the contract with Messrs. Haas and Hillis, are lengthy and fully given in the answer before spoken of, and I must again beg to refer to that paper as comprising a part of this answer.

In regard to the payments on the contracts made by the board since the sitting of the last legislature, they have been made by the Madison Company, and I believe in state bonds, as stated in the answer before referred to. The legislature (after two several reports of the fund commissioners as to the disposition of the special appropriation of \$400,000, to this road, and after a report of the Board of Internal Improvement as to the progress of the work,) made an appropriation of \$100,000 worth of Railroad iron to be applied on the road under the direction of the board. The application of this iron presupposed the grading, bridging, &c. preparatory to the laying the track of the road; this part of the work was being done at the last sitting of the legislature, and so reported by the then board; the conditional contract between the fund commissioners and the Madison Company, for the sale of bonds to the amount of the \$400,000 appropriation, and the manner of payments by the company to contractors on the line was not questioned by the Legislature, nor was there any act ever passed suspending the special appropriation to this road.

From the foregoing considerations, the members of the board felt instructed to prosecute this work to the extent of the appropriations, by such means as the company could furnish. After enquiry of individuals of the company as to means, and after the best estimates that could be made in March last by the resident engineer, there were means enough to do the grading and bridging of the road to Edinburgh, and lay the \$100,000 worth of Railroad iron, and a sufficient sum left to finish the plain. If the board have erred they have been led into the error by the acts of the legislature, the statements of individuals of the Madison Company, and the unlooked for change in our State affairs.

The committee and the country cannot be insensible of the great change in the affairs of the State, within the last ten months. The true condition of the money market and our state stocks were then unknown; our credit ruined, and since the State has become bankrupt, and our stocks mere trash in the market. All of which is respectfully submitted.

JOHN WALKER submitted the following deposition :

Interrogatory No. 1.

Mr. John Walker, did you at any time, while riding on horseback in the excavations, or on the embankments of the Madison and Indianapolis railroad, meet Adam Green, superintendent of repairs of said road. Did you speak to the said Green, in the presence of G. W. Branham, and tell him that as that was the nearest way to town, you would go that way when you pleased? And did the said Adam Green reply to you that he had no objections to your riding on said road? State whether the above conversation did ever take place, either written or verbally, between yourself and the said A. Green, in the presence of G. W. Branham, or at any other time.

Answer.

In answer to the interrogatory—I met the said Adam Green, superintendent on the above named road, several times, on horseback, and passed him without saying any thing about the liberties I was taking on the road.

I feel confident that I never met with said Green on the road when George W. Branham was present, therefore the above conversation could not have taken place. I recollect very distinctly, I was riding on said road and met with G. W. Branham and others loading a car with wood; he (Branham) or some one present, threatened to inform Green on me. I told them that I would ride on the road when I pleased. But Adam Green was not present. And further this deponent saith not.

JOHN WALKER.

January 24th, 1842.

The above deposition was taken before me, subscribed and sworn to in presence of Mr. A. Green, at Vernon, Indiana, 24th Jan. 1842.

WILLIAM D. COXE, J. P. [seal.]

JNO. WOODBURN presented certificate from Jno. A. Reynolds, marked (D).

I do hereby certify, that, agreeably to my recollection, the following is the substance of a certificate, taken from the persons whose names are annexed to it; which certificate was taken for the purpose of ascertaining what would be a fair compensation for receiving and forwarding the railroad iron for the Madison and Indianapolis railroad, at Madison.

"We do hereby certify that the price annexed to our names would be a fair compensation for receiving and forwarding, at Madison, the railroad iron for the Madison and Indianapolis railroad.

"Signed,	JOHN KING,	\$1 per ton, of	2,240 lbs.
	"JESSE WHITEHEAD,	90 cents	do.
	"JOHN SERING,	\$1	do.
	"GEO. W. LEONARD,	\$1	do.
	"S. S. GILLETE,	87½ cents	do.
	"C. T. LODGE,	80 cents	do.
	"JOHN S. MITCHELL,	75 cents	do.
	"JOHN A. REYNOLDS."		

Sworn to and subscribed before me, this 20th day of Jan. 1842.

GAM. TAYLOR, J. P. [seal.]

H. M. MASON submitted his answer to the following interrogatory:

Interrogatory No. 1.

Mr. Mason will you state your opinion as to the worth of receiving and forwarding railroad iron at Madison, and have you had considerable experience in that business?

Answer.

In answer to the above, I would state that I consider that it would be worth one dollar to the ton; and this I would consider a very small compensation, as ten per cent. is the usual price for receiving and forwarding goods in Madison or Cincinnati. I have received and sold a great many heavy goods, and have always had to pay ten per cent. per hundred. When I have forwarded any, I have always charged the same.

J. G. COWDEN submitted his answers to the following interrogatories:

Interrogatory No. 1.

Gentlemen: You will please state if there was bought from you during the summer or fall of 1839, or before or since, any lumber for decking the bridges on the Madison & Indianapolis railroad? If there was, state by whom the arrangement was made with for the same, whether by Noah Noble or by Adam Green? State also, the number of feet, the price agreed and paid per hundred or per thousand feet, the kind and quality of the lumber, of whom you received your pay for the said lumber? State all that you know about this lumber contract?

Interrogatory No. 2.

State if you know of any other lumber being bought in Madison or elsewhere, for decking said bridges in 1839 or 1840? If so, state all you know about it.

Interrogatory No. 3.

State how many lumber yards there were in Madison, at the time you sold the aforesaid lumber to any of the agents of this State. What was the lowest possible price that that quantity and quality of lumber could have been bought for at that time? State also, whether the same kind and quality of lumber as bought of you could have possibly been bought at Madison or Cincinnati, or Louisville market for \$15 or \$16 per thousand feet or not?

Interrogatory No. 4.

State also, whether you have or ever had any reason to consider the purchase of said lumber a waste of the public funds, or not?

Answer to No. 1.

In the summer of the year 1839, I sold lumber belonging to the firm of J. G. Cowden & Watson to Adam Green, which said Green stated at the time was for the purpose of decking the bridges, on the Madison & Indianapolis railroad. No lumber was sold by me or my partner to Noah Noble.

I do not recollect the quantity precisely, but it was from seven thousand to ten thousand feet; the books of the firm are not in my possession and therefore cannot ascertain the exact amount. I cannot say what the price was at the time, it was not less than three dollars per hundred, perhaps three and a half. I received the pay from John Lodge. The lumber was all selected stuff and my partner was dissatisfied with the sale on that account.

Answer to No. 2.

I do not know of any lumber being bought either by Noble or Green, or by any other person for decking the bridges on the Madison & Indianapolis railroad.

Answer to No. 3.

There was but one lumber-yard in Madison besides ours, at the time the lumber was bought. The price at which I sold the lumber was the lowest price that it could be bought for in Madison at that time. The prices at Cincinnati and Louisville were as high as they were in Madison; lumber of that description was worth twenty dollars in the raft at either of the places.

Answer to No. 4.

I am not prepared to say whether or not the purchase of the lumber was a

waste of the public funds; but if such lumber was required, I am certain that the price paid, was as small as it could have been obtained for in either of the places mentioned above.

J. G. COWDEN.

Subscribed, and sworn to before me, the 25th day of January, 1842.

[L. s.] In testimony whereof, I have hereunto set my hand and affixed the seal of the city of Madison, the day and year above written.

MOODY PARK, Mayor.

J. D. JOHNSTON submitted his answers to the following interrogatories:

Interrogatory No. 1.

Gentlemen: You will please state if you sold to any of the agents of the State of Indiana, during the summer or fall of 1839, or before or since, any lumber for decking the bridges or any other purpose on the Madison & Indianapolis railroad? If so, state the quantity and quality of said lumber, the price paid for the same and all you may know about it.

Answer.

I sold during the summer of 1839, some parcels of clear pine boards for constructing cars for the railroad agents at \$30 per thousand feet, which price was paid me by the agents; quantity not recollected.

Interrogatory No. 2.

Please state if you know of any lumber being purchased by any of the agents of State, for decking any of the bridges on the Madison & Indianapolis railroad, during the summer or fall of 1839, or before or since? If so, state the quantity and quality of said lumber, and what such lumber was selling for at Madison, at Cincinnati, or Louisville at that time.

Answer.

I sold a lot of lumber at the yard of Messrs. Cowden & Watson, said to have been purchased of said Cowden & Watson, for decking bridges on the Madison & Indianapolis railroad. I afterwards saw it at the depot on the road, in the summer or fall of 1839 I believe; it was quite a large lot, but the quantity not known by me. I had learned from Mr. Watson that it was sold at \$30 per thousand feet; it was a better lot of lumber than was commonly sold at that price that season, and would have brought \$32,50 to \$35 in Cincinnati or Louisville; I was at those places and made inquiries as regarded the price of clear pine boards.

Interrogatory No. 3.

Please state if any of the agents of State applied to you for any lumber for decking the bridges on the Madison & Indianapolis railroad? If so, state your

proposals to them, for the quantity and quality they wanted? State also, how many lumber yards there were in Madison, at the time such application was made in 1839.

Answer.

Some two or three of the agents of the Madison & Indianapolis railroad, applied to me for a lot of selected clear pine boards for decking bridges on said road. I stated distinctly to them that I would not select such a lot as they wanted, free from splits and sap, and of only the choicest boards at less than \$35 per thousand feet, as it would break our assortment so that there would be a loss on the leavings from such a sale, and that I would not be anxious to fill the bill at \$35 per thousand feet, for the best article selected. There were two lumber-yards in Madison in 1839.

Interrogatory No. 4.

State also, if you sold to any person any quantity of the kind and quality of lumber as was purchased by the State, in 1839 or 1840, for fifteen or sixteen dollars per thousand feet, or if you know of any sales of lumber being effected at those rates.

Answer.

I sold large quantities of clear pine boards in 1839, but not selected of all the best qualities. I sold a common article of clear pine boards that season at \$30, and if selected of the best qualities \$32,50 to \$35 per thousand feet. I know of no sales of clear lumber being made that season, for less than \$30 per thousand. I sold more than one hundred thousand that season good common boards, that is the best quality of knotty boards selected for flooring at \$17,50 per thousand feet, and quite common knotty boards at \$15 per thousand. I found by referring to our papers that we paid \$22 per thousand feet, clear lumber in the river on the raft, in 1839.

J. D. JOHNSTON.

STATE OF INDIANA, }
CITY OF MADISON, } ss.

Before me the undersigned, Mayor of the city of Madison, this day personally came J. D. Johnston, and made oath in due form of law, that the answers annexed to the foregoing interrogatories, are true to the best of his knowledge and belief.

[L. s.] In testimony whereof, I have hereunto set my hand, and affixed the seal of the city of Madison, this 25th day of January, 1842.
MOODY PARK, Mayor.

L. B. WILSON submitted his answer to the following interrogatory:

Interrogatory No. 1.

State what you know about the charges made against the officers on the Jeffersonville and Crawfordsville road.

State also, what knowledge you have of the issue of drafts on the Vincennes road, east of Paoli, by the resident engineer, as stated by T. W. Graham, and the Messrs. Stewarts.

State also whether you ever saw John A. Graham buy, or refuse to buy drafts from any of the hands upon any of the public works. State all you know.

Answer.

The undersigned has been accused by T. W. Graham, a late contractor on the Jeffersonville and Crawfordsville road, with having "purchased claims of contractors against the State, with Gallipolis paper, at a discount of five per cent." Some portion of the above transaction must be considered criminal, or the interrogatory which called forth this answer would not have been propounded. In what does it consist? Is it in this—that a resident engineer has made five per cent. by an exchange of paper with a contractor, made at the solicitation of the contractor—and for his *accommodation*? Or is the criminality of the act chargeable to the kind of *paper* with which the purchase was made? I received from the State, the paper of the Gallipolis Bank for my services, as did also my assistants, with the privilege to return it if we could not pass it. I paid out in the discharge of debts, and in the purchase of such articles as I wanted, without asking the permission of any one so to do, or of conceding or admitting the right of any one to call in question the propriety of such disposition as I chose to make of my means.

If the charge means that I purchased the *unadjusted* claims of contractors against the State, there is no truth in the assertion; but if it implies an exchange of Gallipolis paper for *drafts* issued upon the fund commissioner, it is true. True, I purchased such drafts with Gallipolis paper. I kept no account of the amount, and cannot now name the precise sum, probably to the value of 600 dollars. No State officers applied to me to purchase for them or in conjunction with them.

With a draft on the fund commissioner, goods could be purchased in New Albany and Louisville, and the same could be done with Gallipolis paper.

Graham answers the third interrogatory, by saying that "in looking over the engineer L. B. Wilson's books, to my astonishment I found three final estimates made on the 27th section, one for 8,250 dollars 33 cents, which I was informed was my correct estimate; and when my estimate was presented to me for settlement by said Wilson, it only amounted to 7,469 dollars 9 cents." There is no part of the above charge correct; he never saw one of my books which contained three final estimates on section 27. Nor was he paid the sum of 7,469 dollars 9 cents, for what work was done upon it. All of my estimate books, which were in the office at Salem, are in the office now at Indianapolis. And the books which contain the final accounts on section 27, show that if he had completed his work

on said section—which he did not—he would have received for the whole amount done, about 4,400 dollars; whereas he received but 4,116 dollars 92 cents, instead of the 7,469 dollars 9 cents, as will appear on reference to the vouchers in the fund commissioners' office.

In Graham's fifth answer, he says that "he knew that L. B. Wilson had purchased a house and lot in Salem." It is true that I bought a house and lot in that town, whether he knew it or not.

The charges contained in his answers to the 11th and 13th interrogatories, are disproved by his own witness, Thomas Hays, and by the Hon. George May, member from Washington county. See their testimony.

Graham's answer to the 19th interrogatory, accuses me of "issuing drafts on the Vincennes road for more than the State received value," and gave Hugh and Robert Stewart as his authority for making the charge. This the Stewarts disprove in their answer, wherein they declare that they "know nothing of the matter."

After this denial by the Stewarts in such comprehensive language, of their ignorance of any ground for such a charge, they, on a subsequent evening, in answer to the 7th interrogatory, re-iterated the charge made by Graham, by saying that "the State paid 40,000 dollars for the metalling of the New Albany and Paoli road, for which she did not receive value, L. B. Wilson having given drafts for the same."

In answering this charge, I need only refer the committee to the laws upon the subject, when it will be found that no authority has ever been given to an engineer to draw drafts on the fund commissioner; and from the answer of W. S. Hubbard, it will be seen that *I never issued a draft to any contractor for metalling the Vincennes road*. Here is conflicting testimony. Which of it shall be credited? The assertions of disappointed contractors, or the records of the fund commissioners' office?

In the third answer of the Stewarts, they say "that the road was not finished agreeably to the terms of the specifications. The stone was not sufficiently broken, nor was it put on to the required depth." And in the 9th answer they say that R. Stewart frequently stopped to examine the workmanship and depth of metal, the stone was not sufficiently broken on any section on the road."

In answering these last charges, (for I consider their import is to reflect upon my vigilance as an engineer, although an effort is made to throw the responsibility upon assistants,) I will state, that I think it altogether probable that some of the contractors neglected to conform to the requisitions of their contracts, and may have embraced every opportunity of the absence of the engineer to put on the metal at a less depth than required by the specifications. The operations of such men upon public works cannot be counteracted by any number of engineers, however vigilant, until their efforts to defraud are made known. And as I was not apprised that such men were to be found amongst the late contractors for metalling the New Albany and Vin-

cennes road, I may not have given that attention which I otherwise would have done, if I could have believed that I had a set of swindlers to deal with. I entertain the opinion, however, that it will require charges from better men than the accusers to convince the people of Orange county that John T. Throop, Jonathan Braxton, and Meecham and Moulder, are of that class of contractors, and they finished eight sections of metalling within that county.

That the metal may not have been put on to the required depth, in many places, (perhaps in some parts of every section,) is highly probable, and it is quite as likely that on some portions of the same sections it had been put on to greater depths than the specifications demanded. It is a difficult matter for any one unacquainted with such work to spread the second layer of metal with the exactness required by the specifications; and as the work was new to most of the contractors, it would have been strange indeed if some of them had not put it on to a greater or less depth than required; which could have been done without their own or the knowledge of the engineer, and without much if any loss to the State or contractors. The great object was to have plenty of the metal put on, and to have it done in such a manner as to give uniformity of inclination to the surface. To effect this object it became necessary to put on a greater or less quantity in places, on account of the unequal settling of the newly formed embankment.

What method Robert Stewart adopted to ascertain that the State had sustained a loss of forty thousand dollars he does not say, although interrogated upon that subject. John Frazer makes the loss still greater,—I believe about sixty-two thousand dollars, which he ascertained some time in April or May, 1840, nearly two years since. To shew the motive which may have prompted these statements, it may only be necessary to state, that the whole cost of metalling the road was about two hundred and twenty thousand dollars. The loss, therefore, according to Frazer's statement, is more than one fourth of the entire cost, while Stewart makes it a little over one fifth. How these two engineers should so far disagree in their calculations is a matter of surprise. Frazer says, that after his appointment as agent, upon his passing over the road (probably) the first time, he made the measurements by which he ascertained the above loss to the State. The first layer of metal, six inches in depth, was rolled twice, as was the second layer also, with cast iron rollers, weighed down to the power of four to five horses. This was done on all the road before December, 1839, from which period until the latter part of April or month of May following, the travel was constantly on the road. At this period it seems that Mr. Frazer ascertained that the road had not received more than about three fourths the required quantity of metal. Strange as may appear his ability to ascertain at that late period—five months after the road had been finished—the deficiency in the quantity of metal, it is more strange that one possessing the title to the character of engineer, to whom heretofore had been accorded honesty and a

claim to intelligence, should so far forget his position as to attempt an imposition upon a select committee of the Senate.

In regard to the purchase of drafts from laborers, by John A. Graham, I can state that I believe he never bought one from any of the hands upon the public works. Laborers have applied frequently to him, in my presence, to sell their drafts, which he invariably refused to purchase.

DAVID BURR submitted his answers to interrogatories numbering from 1 to 22 inclusive; which interrogatories are the same as those propounded to each member of the board of internal improvement.

Answer to No. 1.

That as one of the commissioners of the Wabash & Erie canal, he was by provision of law, made a member of the board of internal improvement, served in that capacity from March to near the end of the year 1836. When finding himself indebted to the State for about \$21,000 more than he had vouchers to shew that he had paid, he in consequence resigned.

The members who served with him, were Samuel Lewis, and James B. Johnson of the former board of canal commissioners, with David H. Maxwell, Thomas H. Blake, John G. Clendenin, Samuel B. Hall, Elisha Long, and John Woodburn. Mr. Hall resigned after the meeting in June, and his place was filled by Amos Clark.

The salary or compensation of the members was fixed by law at \$2,00 per day and their expenses. To save the multiplication of small receipts, the loss of time in obtaining them, the board passed an order determining the pay for expenses at \$1,50 each day; the members of the board of improvement therefore received pay and expenses, \$3,50 per day for services when actually employed.

My pay for the time I served in the board was \$——. I omit the answer to the inquiry "what did they each receive" from the belief that from the short time I served, the information would add nothing valuable to the investigation.

Answer to No. 2.

To secure an economical and just outlay of expenditure, to prevent unnecessary expense in costly structures, to preserve unity and harmony of design and due oversight, the board retained in its aggregate capacity, control of all the public works.

They constituted one of their number acting commissioner on each line; they employed principal engineers for the canals, and for the rail and McAdamized roads, with their principal engineers they consulted and advised; under the principal engineers they appointed resident engineers on each main line, and subordinate to the residents, such assistants and junior engineers as the magnitude of the service required.

The board of internal improvements directed surveys to be made on portions of the different lines to be put under contracts; the principal engineers prepared plans, caused the residents to make careful surveys, and estimates with plans and specifications, shewing in detail every part and quality of the

work, every letting was to be advertised at least forty days; the plans, specifications, with the agreement or contract, and the rules and regulations to be observed in its prosecution were to be exhibited, and in the contracts the greatest care was to be taken to have a specific price, for each item of work, and a specific agreement for the performance, so as to leave as little as possible to discretion.

The contracts were to be awarded to the lowest best bidders, the contractors were to be paid in drafts, drawn by the acting commissioners on the fund commissioners, accompanied in every instance by the estimate of the engineer, who as well as the commissioner drawing the draft, kept records of every draft drawn, and made returns separately.

The pay of the engineers of every grade was uniform and fixed, and in this manner all contingences which could be foreseen, were provided for.

The second part of this enquiry, calling for the reasons which "operated on the board to induce them to undertake all the works at one time." It is stated that it was considered.

1st. As a measure of prudence, to have the public works finished in reasonable time, within seven years.

2d. To finish first such parts as would yield the most revenue.

3d. To distribute the advantages resulting from their construction to the different portions of the State, as equally as a just regard to their successful prosecution would permit.

And lastly, because the measure was indicated by the provisions of the law, in the appointment of the members of the board in reference to their residence on each line of work, as well as in obedience to the wishes of a large majority of the citizens of the State.

The board wanted to complete the public works in seven years, because funds and emigrant laborers coming from Europe, were deemed essential for their prosecution, a general peace had prevailed in the world since 1815, and capital in consequence had accumulated, and was seeking investments in improvements in every civilized country. This state of things could not reasonably be expected to continue for any great length of time, for if wars were to occur, they would divert funds, to other purposes, and interrupt the ingress of the emigrants.

It was also considered, that in our popular government, public opinion was extremely liable to change, that without its decided favor, no measure of magnitude could be accomplished, that majorities in favor of one subject, could not be expected for a long term of years.

And that in forming a plan of operations which involved such immense interests, considerations of great weight pointed to the necessity of such arrangements as would subserve its completion within that time.

They looked at the works contemplated by the act of 1835 and '36, in connection with the Wabash and Erie Canal as four distinct commercial thoroughfares extending across the State at about equal distances from each other.

The eastern or White Water, connecting with the central route, near Muncietown, for the first or eastern route.

The Central Canal beginning on the Wabash and Erie, in the centre of the State, running thence to Indianapolis, and reaching the Ohio, by the Madison Railroad, and Evansville by the canal down White river, formed the second or middle route.

The Wabash and Erie canal to Terre Haute, thence by the Cross Cut canal to the Central on White river, thence to Evansville, formed the third or western route.

The Michigan and Erie, commencing on Lake Michigan, and connecting with the Wabash and Erie canal at Fort Wayne, formed the fourth or northern route.

The roads from New Albany to Vincennes and from Jeffersonville, Salem, Crawfordsville and Lafayette, were also distinct thoroughfares for another kind of improvement, for intercourse between important points; and formed essential adjuncts, to the main routes, which they crossed nearly at right angles.

Experience had proven in the prosecution of the Wabash and Erie canal, that although the greatest amount of work would have to be done by emigrant labor, there was still no inconsiderable portion, especially in the erection of the mechanical structures, which must depend on the labor of the country, and that laborers would not in sufficient numbers to rely on their aid go more than thirty miles from their homes—this was another reason which influenced, placing the works under contract in 1836; not to have two works carried on so near each other, at the same time, as to interfere in procuring the labor of the country.

It was also an object of some weight, to select portions of the lines which, when finished would be of utility to the public to some extent, provided the works should stop and be temporarily suspended; and when they served also, to quiet the conflicting contests in the public mind, in regard to the location of routes an additional reason was found for their commencement.

The history of the canals in New York and Ohio, had shown that tolls would be exceedingly small, until after entire routes had been opened. This indicated the necessity of speedy and simultaneous efforts for that purpose. The works of the State were all connected, and each part reciprocally acted on and affected the other; they had to be comprehended in one view and embraced in unity of action.

The principal thoroughfares were continuous lines, based on the Ohio or the Michigan, and terminating at lake Erie.

For example, the central route from Madison to Indianapolis was nearly the same length, and could be finished in about the same time as the Wabash and Erie canal from Fort Wayne to the lake, including the portion in Ohio.

The Board of Internal Improvement in Indiana, of course had no control over the part in that State; but still, the completion to the lake essentially influenced the revenues and utility of their work, and hence, was a just subject of reference in their plan of operations.

The portion of the same routes, between Indianapolis and the Wabash and Erie Canal was nearly similar in distance, and would require nearly the same time. From the mouth of the Missisquoi to Fort Wayne, a distance about the same in length, the Wabash and Erie Canal was nearly finished. To divide the central route into three equal divisions, and commence work on each one would hasten the

completion of the whole line, to half the time compared with commencing at either termination, and working in one direction.

The same reasons and conditions of things was applicable to all the lines. The White Water Canal to Nettle Creek, was contemplated to be finished in the same time, in which the Railroad would be made to Indianapolis. From Nettle creek to Muncietown would have been naturally in progress, while the portion of the Central Canal between Muncietown and the Wabash and Erie canal was being finished.

In like manner the western route was viewed as a continuous line. And the part between Evansville and Terre Haute as the only practicable outlet to the upper valley of the Wabash, and for the south western trade, which would pass the Wabash and Erie canal. It was deemed to possess great advantages over a canal down the Wabash to its mouth, a distance from Terre Haute of more than two hundred miles, on the extreme border of the State.

The river itself, although susceptible of improvement in particular places, was considered impracticable for navigable purposes in the dry season. Its bed in many places for miles, spreading over wide sands, constantly changing its position. Its high floods especially, near its mouth presented objections of great magnitude against its practicability.

The cross cut, on the other hand, was less than forty miles in length, and by its feeder was contiguous to one of the largest deposits of iron in the world, and where the water power, wood, coal, and limestone were abundant in its vicinity for its manufacture. From White river the western and central routes had one common outlet through a country abounding in coal, iron, agricultural productions, and the elements necessary for business and revenue.

The termination of the Wabash and Erie canal, at Evansville, takes a valuable work from the extreme limits of the State into the interior, and gives the benefit of the trade on the most important thoroughfare to a large city in its own bounds.

The distance between Terre Haute and Evansville is about one hundred miles, and embraces expensive work. It was considered that the commerce above Terre Haute, in the summer months, and the downward trade to New Orleans, would make this division highly productive in tolls, so soon as it should be completed, although from its approximation to the White and Wabash rivers, little could be expected from detached portions. Lettings were therefore ordered at Terre Haute on the Cross Cut and at Evansville on the Central canal, extending operations towards each other. In conformity with these principles the board authorised lettings from Brookville to Lawrenceburgh; from Vernon to Madison; from New Albany to Paoli; from Jeffersonville to Salem; from Fort Wayne to the Ohio state line; from Georgetown to Lafayette, and from eight miles above to fifteen miles below Indianapolis; and directed the surveys of the Northern canal.

The part put under contract south of Indianapolis was not an exception to their rule. That letting was intended to reach the neighborhood of the quarries in the vicinity of Port Royal, to afford build-

ing stone for the erection of mills and other purposes at the capital of the State, and open a way to a market for the wheat grown in the agricultural county of Morgan and those surrounding it, as well as to afford the water power for its manufactures. Besides the northern division of the Central canal route, including this part which was let south of Indianapolis, could be finished to the Wabash and Erie canal, as soon as the other portions which the plan of operations made coincident with it.

The part of work between Georgetown and Lafayette was small, considered as a division; and the force on its completion would have naturally been employed on the northern line of the Central canal, working towards Indianapolis.

The same was true as to the quantity let from Fort Wayne to the state line. The nature of the arrangements would induce the force of men and contractors, as they finished their work, to look to the Michigan and Erie canal for employ.

It was part of the plan that the lines from Terre Haute to Lafayette, on the western route, and from Port Royal to Junction of the Cross cut on the Central canal, should be among the last works finished, on account of the navigation afforded by the Wabash and White rivers, on whose banks these portions of work were located.

To divide the routes into natural and nearly equal divisions, for speedy and simultaneous completion, productiveness of tolls, and general benefits to the community, were the objects sought to be obtained. A slight glance will shew how strictly the first lettings were made in accordance with these views.

To have commenced one work at a time, in one place, and worked in one direction, and a life time would hardly have sufficed to have completed the extended works of Indiana.

These reasons governed the board in the first lettings, and at the time were well considered; and although individual varieties of opinion may be well supposed to have existed, they were concurred in generally, and with great unanimity as the report and action of the board in relation to the lettings evidently show.

The report of December 14, 1836, refers to this subject, in these words:

"As in their opinion would be soonest productive to the State; and, at distances too remote as not to interfere with one another in the price of provisions and labor; and further, that the same when completed, should be useful and available works in case war, or some other contingency should arise, to suspend further operations judging from our own experience, and that of other States, that foreign labor, as well as foreign capital, must in a great measure be relied on."

The reference is only a synopsis of the ground at large.

As a member of the board, I had other reasons to influence my course. I had lived in the State to see its numbers increase from 50,000 to more than half a million of a hardy, energetic, laborious population, possessing greater equality in property, in intelligence, and in political condition than could be found perhaps in the same

number of individuals in any other place whatever. It was a community in which there was neither the helplessness of infancy nor the feebleness of age to paralyze effort.

The extent embraced by the State so fertile and salubrious, with such a population, seemed justly to present a field which in a few years, from its rapid increase, would reach a point of power and capacity, which would be difficult to appreciate.

This population with all its industry, had been sorely pressed for want of a market for the surplus products of the soil. These and labor were so poorly paid, that the means for the education of their children were denied to the great mass, nor was there capital for the erection of mills or manufactures which the simplest wants of the community required.

It seemed that the money of the country was constantly drawn to the sea shore to points where foreign commerce was carried on. Only a small portion of what was grown in the interior could be sold; there was no inducement, to raise products to lie unconsumed on hand; labor was divested of inducements for exertion, and inert calm was settling over the land.

In this state of things, cheap means of conveyance for the heavy productions of the country was the natural remedy; and the wants of Indiana dictated her public works. Although the plan was large, the ground seemed tenable for believing it would be finished.

The state of society in England, France, and Holland, almost of necessity induced the loaning of money in large sums. For the profits of labor and capital, in long settled communities, have to be invested in paper securities of some kind.

There is not money sufficient in the world, to lay up what is earned, for provisions for age, nor to so hoard up the profits from capital. Contra distinguished from the United States, in the countries of Europe the channels of business are so filled that they will not admit of increase, real estate is rarely sold, and from the tenor of their laws and political condition, never become a matter of general investment.

The capitalists take the loans in the first place, which are always made up of bonds of sums convenient for individuals of moderate wealth to purchase. All persons who accumulate property, whether nobleman, merchant, or mechanic, to some extent are compelled to buy them. They are articles of transfer common to that condition of society. Hence the necessity of such investments; stocks of all kinds were sold. Bank stocks, railroad stocks, rents, consols, &c. And as if not enough of these loans were obtained by governments whose prospects for pay were less promising than the indebtedness of any of the North American States, Spanish bonds, Mexican bonds, and bonds of the South American republics had all been purchased and in some cases left wholly unpaid. The necessity for these investments depended on the condition of society in the older governments of the world. Where could its surplus funds so naturally seek purchasers as in the United States. They were not considered as pos-

sessing revolutionary tendencies. In the stability of our institutions, the capitalist did look for security and safety. Our vast extent of country, rich in soil and climate, with its increase of wealth and population, combined more natural elements of prosperity than are contained in any other.

These facts seemed to constitute well founded reasons for believing that the plan of internal improvements was not greater than the resources and energies of the people could sustain, for believing that loans would be obtained to complete them. As a whole, they were works of cheap construction, and years of dispassionate investigation has produced the most thorough conviction, that if made, they would amply pay their cost, repairs, and interest. I looked forward for that time, not only as paying their own way, giving labor its reward, diffusing prosperity over our border, but as a means of shedding light over the land.

Man is a creature of examples; he learns by imitation. If the roads and canals were made, society would be brought together, prejudices would wear away, and men would practically learn of each other. Villages and cities would spring up, churches, schools, and colleges would follow. Knowledge would not be confined to the few, society would be placed on an equality, and would preserve it. It would seek and obtain a more elevated aim.

I looked to the public works as not only paying their own way, but in time of becoming aids of revenue when with tolls so light on the vast commerce floating on them as to be nearly free; they would pay all the taxes of the State, afford means for improvement which would reach every quarter, and induce prosperity, which its many natural facilities point out.

In works so extended it could not but be perceived that there was hazard of the operations being suspended for a time; wars or great displacement of capital would have that effect, but then I trusted there would be still enough of its friends to sustain it in any dark hour it would have to pass through; that its beneficial results, would be so plain, in giving prices to labour and its products, in breaking down the advantages of the few, possessing capital over the many; when the means were afforded to the many by industry, to obtain it, and in the countless good, which would flow from equality of property and condition, that the great mass whose interests it so essentially promoted would come to the rescue, and relieve it from entire fall.

I could not believe that measures of so much utility to the State, and to the general government, in adding to prosperity, in bringing distant interests into frequent and friendly intercourse, and in strengthening the defences of the country, would be cast off and lost. I hoped in such an event that some measure would be devised for resuscitation if it should become necessary either by the State or the general government, that if loans could not be obtained, the State could do much from her own resources, that if all other means should fail, she would furnish her works with her own bank paper or with Treasury notes, based on such a tax as the people would pay, not by confining its operations to one work at a time, but by a just participation of expenditure in the leading divisions of the State, collecting and paying out, so as to have the burdens and benefits equally shared.

I have seen its revenues increase from less than \$20,000 to many times that sum in twenty years. It has now reached nearly half a million. There was surely room for believing that Indiana could, and would do much.

It is foreign to an answer to this inquiry to justify the reasons, which influenced the board of internal improvement, and my own course as a member of that board; although these reasons are called to the bar of public opinion, to be adjudged, seven years after their action; but I trust I may be permitted to state briefly, the acquiescence in the measures of the board was very general, with public men and with the people; it was no party measure nor influenced by it while I was connected with it.

My recollections fail me greatly if in its progress it was not aided, or its enlargements advocated by Senators Noble, Hendricks, Tipton, Smith and White; by Governors Jennings, Ray, Noble, and Bigger, with Dunn, Wick, Wallace, Howard, Davis, Hannegan, Proffit, Owen and a host of others. Whether for weal or woe, the measure had respectable friends.

It has been sustained at one time or other, by nearly the political strength of Indiana.

For my own part I acted deliberately, spending much time and labor to understand the subject, the elements of comparison, were before me when my opinion was formed, and since then I have received no lights on the subject. I cannot change although failure, instead of success has accompanied the measure.

The expectation of the friends of internal improvement, has failed as well as the measure. And instead of cheering associations, doubts, apprehension and a gloom prevails; but in justice to this greatly deprecated measure, it is well to remember that in consequence of the public works, more than eight millions of dollars have been circulated in the State, paying for labor and the products of the soil. This sum has been received by the people, and the people have paid back less than five hundred thousand dollars, not one sixteenth part of the sum; whether receiving so much, of which so little has been paid is chargeable with the distress which rests on the length and breadth of the land, on States without public works, as well as those which have engaged in them; or whether part may be traced to the disorganizing agrarian doctrines of the times, to the spirit of insubordination abroad in the world, to the hot wars on credit from the highest personages, to the most inconsiderable in society, to the attacks on vested rights and public faith, and to the spirit of party in its fierce contests, inducing those who have funds to withdraw them in alarm from the use of the public, is needless to inquire.

In the midst of the exciting topics, which have agitated the public mind, for years past I have always endeavored to build up; but with all who have participated in these stirring times, when the distress so wide spread, is surveyed, it is a fearful question to answer to the conscience, have any with or without motive, labored to destroy?

Answer to No. 3.

The commissioner resident on a given line was made acting commissioner, he superintended his own work.

I have not the records of the board to show, but think that for work done on the contracts, the estimate of the engineer accompanied the draft, that the funds were placed in some bank, or the money paid by an agent of the bank, at some place on the work, so that for construction which is by far the largest part of the disbursements, the fund commissioners or their agents had the estimates, so that they could always know the amount for work done. For contingent expenses, I do not recollect what was the order of the board.

The estimates of the engineer accompanying the draft were the checks, I apprehend against over-drawing; the contingencies were but small in amount. I do not recollect that they were settled except in the annual settlement. I was a member but a short time, not a year.

Answer to Nos. 4, 5, 6 and 7.

I know of none, nor do I believe there was a single act of the kind.

Answer to No. 8.

Mr. Woodburn.

Answer to No. 9.

I have no knowledge.

Answer to No. 10.

I have no means to determine that question. I think it was settled after I left the board. I recollect Mr. Woodburn conversed with me about that matter, he mentioned the different routes he caused to be surveyed, of sending the notes, maps and profiles to Mr. Welsh for advice. I only remember that I was satisfied, that he acted judiciously, energetically and with fairness. I remember distinctly that my impressions were that he had the habits that led me to believe that he made a good member of the board. It is possible that he told me that he had submitted his surveys &c. to other reputable engineers.

I never knew enough of the subject between a cut and a tunnel, to give me data for the comparison. I should have had to rely on the surveys, the opinion of his engineer, and his judgment on this subject, I do not think they were ever presented to me.

Answer to No. 11.

By Mr. Pettit the principal engineer, the wish of Mr. Woodburn, and the consent of the board. I was in Illinois long before he was dismissed.

Answer to Nos. 12, 13, and 14.

I have no knowledge of the subjects alluded to in these inquiries.

Answer to No. 15.

I have no knowledge or recollection of extra services being claimed by any member of the board, or canal commissioner, or engineers, or of allowances of any kind whatever, which were paid, that I believed excessive, or unjust. Nor do I believe that a single instance of that character took place.

Answer to No. 16.

I ever supposed the acting commissioners on each line, had authority to let

out works on their lines, when so authorized by the board; they reported their lettings with other acts, which were almost as a matter of course approved.

In doing business of any kind, a certain degree of confidence is indispensable; this confidence I ever felt, and believe the other members of the board did the same. If gross neglect, partiality or fraud had been practised, the board would have been likely to have heard of it, from the engineers or persons in attendance; if such a case had occurred, I suppose as a body they would have abrogated the contract; they always retained sufficient power for that purpose; no such case or cause for suspicion of such practices, ever come to my knowledge.

Answer to No. 17, 18, 19 and 20.

I have no knowledge or belief that the practices inquired after, in these questions ever took place.

Answer to No. 21.

This inquiry is answered in question No. 9. Mr. Woodburn told me of his surveys of several routes, of forwarding maps and profiles to Mr. Welch; at the time I only thought he was anxious to do right, and that he used industry and the proper means to obtain it.

In my associations with Mr. Woodburn, and with the other members of the board, and the engineers on the public works, I have seen no instance, to lead me to suppose they were other than honorable, high minded men, altogether above petty intrigues, covert practices, or frauds.

Answer to No. 22.

In reply to the first part of this question, which is in these words: "While acting as canal commissioner, or member of the board of internal improvements, whether you applied the money of the State to your own benefit, or as capital in trade, or to speculate upon in any way?" I answer, I have used the money of the State in the way I will explain; and, that in making my annual settlement in December, 1836, I found I had drawn from the fund commissioners, over 21,000 dollars, for which I had no vouchers, to show it had been expended, and for the disposition of which, I have never been able to account for satisfactorily to my own mind.

I have never used the money of the State as capital in trade to speculate upon in any way whatever; and so far as to my moneyed transactions with the State having enured to my benefit, I have paid out, as I verily believe, large sums out of my own means, which are altogether lost.

Without my knowledge or consent I was elected canal commissioner, in the session of 1827 and '28, with the first board, and successively re-elected, until the time of my resignation in 1836.

My services have always been active, mostly out of doors. In the early stage of proceedings, I performed the duties of engineer, as

well as those of commissioner. I had the superintendence of all the surveys for canals in the State, except the Erie and Michigan, which were made previous to 1836. My duties led me from home. I had to advance moneys for disbursements, a long time before I could get the vouchers, to offset as payments, for moneys I drew from the State. I had to expend large sums in making purchases of small articles for subsistence, where it was difficult to obtain or preserve receipts, and to advance the pay of hands and assistants. We lived in camps, and informal payments and receipts had necessarily to occur, before settlements at the end of the quarter, and proper vouchers could be obtained.

In this situation I often, no doubt, anticipated my pay for services before I gave my voucher for it to the board. I could not well keep separate funds and accounts for these informal payments and receipts, between me and the persons employed. The greater part of the time I settled quarterly with the board, and always at the end of the year.

The rule which governed me in these transactions, was to use the funds of the State for all my payments, keeping within the limit of what I supposed was due to me at the time.

My pay was two dollars per day, which was not sufficient for me to lay up. My official bonds for security were for 50,000 dollars, operating as mortgages on all the property, of those who signed them; and although I would as rigidly abstain from improperly applying public funds to my own use as any person whatever, yet I confess I did not consider, that over the means in my hands, there was more than a sound discretion to be exercised. For a long period I had no other business; and but small sums at a time in my possession, and kept no separate accounts. If my business had have been in an office, I should probably have kept the funds distinct. My duties made it otherwise; and I cannot therefore say, I have never used a dollar of the public funds for my own purposes. But I wish to repeat, I have never so used them, except in these small transactions.

The early progress of the canal was slow and uncertain. It was sustained only by the constant exertion and labor of its friends. The question of its prosecution was exceedingly doubtful, until 1832. In which year, the portion between the head of the St. Josephs feeder and Huntington was put under contract. This line had been estimated in 1830, when prices were greatly depressed, and at an average of 7,500 dollars per mile; which, although fair enough when it was made, yet from the increase in the prices of labor and provisions in 1833, '34, and '35, the time when the work was done, proved embarrassingly low. My early connections with the canal, exposed me at that period, to a kind of prominence in them, and I was soon led to understand from the friends of the measure, that this first line must be finished for the estimate, or confidence in our reports, would cease; the support which sustained the policy would be withdrawn, and in that event all would fall.

The work was let at prices within the estimate, and was finished for the State within that limit. Notwithstanding its cost to the contractors must have involved a much larger amount, I felt a deep interest that they should perform what they had undertaken, and that it was indispensable to the progress of the work. Many of the contractors participated in this feeling, who had means of their own, and persevered until they expended all the property they possessed. Others had little, and contracted debts with the merchants at Fort Wayne, which lay unpaid until the money was earned on new jobs in other parts of the line. The work was too low. I fully believe it cost fifty per cent. more than the State ever paid. It induced great pressure. Many contractors, after struggling ineffectually, left the work and the State. In this condition of things, no narrow, selfish effort could hope to succeed. The work was carried on at a sacrifice, between those who sold on credit and the contractors. The former grew weary, and the latter required to be sustained. When a job was abandoned it was re-let at higher prices; averaging usually fifty per cent. over the first; and when repeated, the last lettings would sometimes double the first. It was necessary to prevent these re-lettings if possible. I felt willing to contribute what I could spare for the risk and sacrifice, by which alone the work could hope to be done, and I advanced in moderate sums to the contractors, an amount to the extent of my means—too limited to reach all, or a majority to whom aid would have been acceptable—but went to those whose necessities were most urgent, and consequently least able to pay.

The greater part of these sums would be paid in a short time; a part lay to a longer period, and some until the per centage retained as security was paid to the contractors, and no inconsiderable portion altogether lost. The receipts for these sums, so allowed, were no offset or voucher for the sums I received from the fund commissioners. It was an individual transaction, and hence if the contractor was unable or unwilling to pay, or abandoned his contract with a sum due to me, or if I misplaced or lost his receipt, in the hurry and magnitude of the business, my loss was certain and inevitable.

I have more than once received large sums of which I had neither recollection nor account, notwithstanding I knew I was subject to losses in this manner. After the practice of making these loans was once established, it was difficult to abandon—indeed it was induced of necessity. The country was new; provisions, under any circumstances, were high in price, which was greatly increased when obtained on credit. The contractors would have these to purchase or hands to pay off, before they had earned sufficient to estimate. They would frequently sustain heavy losses in opening quarries for building stone, which, when worked to some extent, would fail. It would require time to determine whether allowances could be made under the contract; and in such cases the necessity was strong. After the letting at Miamiesport they became frequent, especially for a short time, to be paid at the next estimate, and the funds of the State as well as my own were used. It was contrary to law, but entirely at my own

risk, and, as I verily believe, has benefitted the State in the prevention of relettings, which would have much increased the cost if they had taken place.

My colleague, James B. Johnson, who was much on the line, concurred in this opinion. In the spring of 1835 we were apprehensive of a general reletting of the unfinished work from Huntington to Lafontaine's creek. It was supposed that if any considerable number were to throw up their contracts nearly all would follow. The contractors on the jobs relet would have had higher prices, and, as a consequence well enough known, would have paid more for labor, and those on the old jobs could not have held out with the disparity around them. The probability appeared strong. There was a general pressure with the contractors, and the laborers complained of the scarcity and high prices of provisions. Some, in consequence, were leaving the line. Our means of judging this question were good, and we thought it would take place. With our own funds we introduced a quantity of provisions, to be disposed of at mere cost, and made decided exertions to prevent its occurrence. The danger, if any existed, was obviated. Mr. Johnson was not only active then, but enerally. He must, as a matter of course, have lost largely in these informal transactions.

The provisions we introduced, although not large in amount, seemed to have a salutary effect, and to have done good. The loss was too great to induce repetition — indeed no such exigency afterwards occurred. There was a large amount of unfinished work at the time. If it had been generally relet there are sound reasons for believing it would have involved a cost of from thirty to fifty per cent. over the price for which it was finished.

However hazardous it may have been in making advances or loans of money in this way, or contrary to law to so use the funds of the State, I am clearly of opinion that it has greatly been for her benefit, and that without, it would have been impossible to have finished and filled with water thirty-two miles of canal in a wilderness, at a point where provisions cost more, perhaps, than in any other part of the United States, for seven thousand five hundred dollars per mile. It cannot all be owing to the cheap character of the work, for it embraced a high dam over no inconsiderable stream, and no small portion of heavy bluff work. A part may be placed to the zeal of the contractors to persevere, the fact that the jobs were small in amount, in the hands of economical men, and something, perhaps in a very small degree, to the policy used in sustaining them. Whether this inference be correct or otherwise, this line, at all events, has cost but little exceeding one half of the average per mile of canals in this or the United States.

I have stated that I have used the funds of the State for these advances. I think the amount so used has not been large. If I remember correctly, from the time of the first letting, in 1832, to the time of my resignation, there was but one year in which I did not pay all over at the time of our annual settlements, that I had received or drawn from the fund commissioners: and that grew out of the fact, that in

October and November more money had been received for interest and sales on canal lands than could be paid out on the line. There was no bank, and the money was divided among the commissioners for safe keeping, rather than take it to Indianapolis and then bring it back to pay out for work. So my memory serves of this transaction.

In the early stage of proceedings I had on two occasions money put in my hands for specific purposes, by the board at the time of our annual settlements.

I believe it was in 1830 after the sale of the canal lands; six or eight hundred dollars was put in my hands to pay for advertising the canal lands, the preceding summer, in many parts of the United States, I think in every State in the Union. I carried on the correspondence and paid the money, without charge for postage or exchange. At another, about two hundred dollars was also placed in my hands to pay certain debts, which was done. In all cases, when these sums were in my hands at the end of the year, they were placed there for specific purposes, carried regularly into my account, and paid and accounted for in the next succeeding settlement. I have not the books or reports of the canal commissioners, in which these transactions were always published and explained.

My business operations on the Wabash from the time I removed there, until my resignation, always afforded money enough for all the demands we had for it; and from 1832 I was in easy circumstances; soon after that time I had to make payments and had to advance funds for out-fits for surveying parties on which I could not get vouchers until the survey was closed; I had also to advance money for valve gates for the locks and their fixtures, and wait years, before they were used by the contractor, and the money or vouchers for them could be received. From these causes I could not close my account at the end of the year without using my own funds, or at least it would have been inconvenient, if not impossible for me to have got vouchers for all the money I had to pay out, independent of the advances I made to the contractors, to obviate this inconvenience in some manner or other, from the latter part of 1833. I have had constantly employed in the public works \$3,000. I especially appropriated it for that purpose, up to September, 1836, when it was withdrawn.

I could never have closed my account at the end of the year, in our annual settlements without something of the kind.

Besides from 1832, I wanted funds to accumulate for an ulterior purpose, and I hoped at some future period to have a large balance there, for purposes I would need.

I was not often at home, and on my occasional returns, my family gave me sums from \$100 to \$300. If prospectively we had any payments to make or uses for money, they were retained, if not, I have either loaned them out in advance, used them for my travelling expenses, or put them into the iron safe, with the funds of the State, from which they were never withdrawn.

I have repeatedly done this, and to an amount greater than any loss which I positively knew, I had sustained from informal loans. When I bought lands, or had uses for money in any considerable sums, I made provisions especially for them, which I now distinctly remember.

In the fall of 1835, I came to the conclusion to start a store in Indianapolis, and one at Marion, Grant county. I had sold lands on credit and had obligations of various kinds due to me, to obtain the funds, for this purpose as well as the convenience, I suppose would accrue from having accounts with the banks. I borrowed in November \$5,000 from the Lafayette bank, and

\$4,000 from the Indianapolis branch. I expected to use the money in January and borrowed at that time, because it was when loans could be obtained, which was not the case so readily, at all times in the year.

The \$5,000 I used in purchasing goods in Cincinnati, paying freights in February or the first of March, except \$850 which was used for an instalment. In the winter of '35 and '36, I determined to leave the service; and the view of employment after that should take place, which I intended should be as soon as the board of internal improvement should be organized, and well under way. I took steps to enlarge my mercantile operations, and establish two additional stores, one at Delphi, and another either at Andersonstown or at Huntington, on the Wabash.

With this view I went to New York in June and July and purchased the merchandise for this purpose, on a credit of 12 months, except about \$6,000 of the amount which I paid in cash. I had also borrowed \$8,000 of the Fort Wayne branch for this purpose, a short time before I left there. I had some cash independent of the \$4,000, with which I appropriated and kept as a fund in reserve, to pay instalments and other payments with exact punctuality, and in that manner to make it the interest of the bank, to keep my line of discounts at nearly the same.

The times were wild and exciting; and to those who had labored long and ardently for the internal improvements, it was a year of triumph; it was no period for sober reflection. In addition to this weight of business of my own, that which devolved on me, in my relation to the State was growing more complicated on account of my scattered operations on the public works, and having to draw money for general purposes of the Board of Internal Improvement, which was afterwards to be paid back, when all arrangements should be completed by the board. There was none the first year for general contingencies, except I was to draw for it as commissioner of the Wabash and Erie Canal, as I had been in the habit of drawing, and for such sums I was paid back after the annual meeting. Months after I drew the money, I disbursed payments for the line at Indianapolis. I had a corps of engineers at Huntington; one at Peru, and another at Logansport, with the payments to make for work on these lines. At Indianapolis I kept my account in the bank, but we commenced on the Wabash before the existence of the banks to pay at convenient places on the line, and I continued it. I had cash at these places on the Wabash. Now whatever was paid on an estimate, there could be no mistake made, but funds always have to be advanced to pay parties, for which an entry or receipt is given; if they were all lost and forgotten, loss would incur. I do not believe I ever sustained any losses through the engineer corps, though there was possibility of error. But so many places to pay, so many advances of money for so many, such a variety of purposes rendered the business complex. I advanced also large sums on account of the contractors, who had stone locks. The quarries had failed, and the condition of these expectations changed since the contracts had been taken. I wrote to the members of the board a statement of the case, and after the proper time the engineer was directed to make an estimate for what the works cost. I made advances, and the contractors are very worthy men, and I believe they all

paid me back. But these drawings of public funds on my part, and repayments from those who had the money, exposed me to this inconvenience. I drew the money from the fund commissioners where there could be no mistake, and for which I would have to pay, and if by possibility there was an error in these transactions, I would have to lose. And although I was in the end paid back, it required watchfulness and made the money in my hands apparently swell to a large amount, when really it was paid out for the State.

Long having settled my accounts with the fund commissioners, without having it vary from my expectations, made me careless. When in the city of New York, I drew a draft on the fund commissioners for \$20,000, which I omitted to enter on my memorandum of drafts I had drawn, and sent it to Logansport, where it was paid out on the public works. This omission which took place in the hurry of the moment, led me into embarrassments which are not yet removed. There was more than one \$20,000 draft I think drawn in the course of the summer, and for which I had no account on my memorandum. I had long dealt in large sums, always come out right, and felt no apprehension of evil. I could not tell precisely what my account was, but I knew I had not used the public funds for my own purposes. I had a tolerable idea of the vouchers I had in my possession, and I went into the annual settlement, altogether unconscious of owing the State one dollar. I supposed it owed me at the time. When I got my account from the fund commissioners and compared the amount, it was so unexpected to me that for a long time I could not believe I had received the money. I have been able to trace up all the drafts, I did receive and pay out this money, but as certainly not for my benefit.

A large amount has some where been lost, for which I cannot account in my own mind satisfactorily to myself, and can only suppose that in some manner connected with those informal receipts and repayments, it has been paid out on the public works.

If I had not been over confident, I would have discovered the error, and made provision to have met it; and not have let the world heard of it. I could have settled I think much easier in that way than in any other. I had not time and was too much astonished and chagrined to make the attempt.

I have never had any concealments in my business, and mine has been of the most open and public kind. I went to the Wabash in 1829 with my family, taking but little property with me. But many causes contributed to make my business profitable. We were among the first who settled between Logansport and Fort Wayne. It was then an Indian country, and we lived on a reservation before the lands were sold. I did but little except what pertained to my office. My family used great industry and had some business capacity. They kept tavern successfully, cleared in a short time 100 acres of land, sold all that was grown on it for high prices, till it was sold in 1837. The establishment although in the midst of a wilderness, was a place of great resort, where much business was transacted and passing, both by whites and Indians. Cheap, plain accommodations and moderate living, made our profits large compared to our outlays. A young man I raised for three years, sold goods to the Indians. We had contracts to furnish goods, and furnish supplies

for Indian treaties. Few persons have had the same facilities to accumulate property. In 1832 my profits in a single year from all these sources, were more than five thousand dollars, and three other years of our residence were I believe each equal to half that amount; nor from the time I went there to the time of my resignation in 1836, were in any one year less than one thousand dollars over our expenses, exclusive of my salary. In the time of my residence there, I purchased about seven thousand acres of land, which although valuable, cost me I believe not more than \$5,000, exclusive of clearing, which the crops amply repaid. The greater part were canal lands two miles from the canal, on which besides interest 37 1-2 cents per acre had been paid.

In the time I lived there I paid about three thousand dollars for bank stock. I did hardly any other business; and the receipts from the farm and tavern was ample for all the demands I had for money.

In 1835 I sold of these lands to the amount of ten thousand dollars, and when I discovered this indebtedness to the State, sixteen thousand more were sold, making in all twenty-six thousand dollars, out of lands, which I verily believe did not cost me over five thousand dollars. I have not the books and papers, but aim to be correct. I took steps to close my business transactions. The merchandise was sold out for cost and carriage, except in one establishment, where one half carriage was thrown off; the store debts due to them have been collected with little loss; three made small profits; and the loss, on the whole, so far as it is now disclosed, does not exceed one thousand dollars. On three establishments all is paid up; on the fourth something over one half is still due, and being collected.

The lands and the merchandise together, deducting the loss of the one from the gain of the other, have yielded a profit of twenty thousand dollars. The amount of all I have left and of all that I have taken away does not exceed the bank stock; both of which lands and bank stock were paid out of the tavern and the proceeds of the farm; and yet I owed the banks of this State eighteen thousand six hundred dollars at the time of my resignation — a sum sufficient to have paid, within fourteen hundred dollars of all that I paid for the merchandise, lands, and bank stock. But as this debt has been paid by the proceeds of the farm and tavern, and is about the amount of what I suppose the business cleared for its annual profits, added to the cattle and property we took, and has in no part been paid (by) the state funds or any thing growing out of them, this sum would seem to have been gained by our business, and for which there is nothing to shew but indebtedness to the State; and, with the twenty thousand dollars wasted or, gone into the public works, which is probably near the truth.

I do not make this statement with the least purpose whatever for remuneration, nor for sympathies in my behalf. I certainly desire neither; and have always regarded the folly of wasting and the blunder of receiving funds for which I could not account, and for which, under any circumstances, I *would* have to pay, as a greater wrong than if I had used them for my own purposes: for in that case I would have put them to good use. But it is due to truth to state deliberately my clear opinion — my firm belief, strengthened by all my business transactions, that instead of the funds of the State inuring to my advan-

tage, that largely over and more than twenty-five thousand dollars of my own funds have gone into the Wabash and Erie canal and the public works, for which I have not received one cent.

There is no part of my business of which the public is not well informed. The crowds of persons who frequented my house, from many parts of the State, will remember the amount of the business. The lands that I cleared are there and show their productiveness. The men are living who bought the land, and have the title papers, showing their first cost. The records of the bank exhibit my transactions with it. Every part of my business has an unenviable notoriety; I surrendered my property to be sold for the payment of my debts. Trustees disposed of my effects; they have the invoices that show the cash I paid out. They are conversant with all my affairs; an examination would show that large profits have some where been sunk, and without having been a gambler, a drinker, or an extravagant man, or having met with losses, or made unprofitable bargains the most active years of my life, marked with great success, are, notwithstanding, instead of a benefit to myself worse than wasted.

It is exceedingly grating to my feelings to be compelled to make these statements in regard to myself, my business, and in some degree to lift the veil from family transactions, sanctified with associations of home, which involve recollections passing from the living to the grave; and on being forced into a detail of circumstances I should never have voluntarily mentioned, even to intimate friends.

I have not the books or papers that show the amount of my indebtedness to the State. I think it was \$21,344, some cents, whatever it was it has been paid of.

I wish to state that for the Indian goods we have sold, they were purchased every dollar on credit and paid for out of the proceeds, and were sources of profit instead of loss.

The \$3000 I put in the state funds in 1833 at one time, and took it from them at one time in Sept. 1836. Believing that the sums of small amount I had from time to time paid in would more than cover any losses I might sustain, I always had a large sum due me for temporary loans, and could not well tell the State of my account, having then good use for funds I expected to collect them.

Before that period I had money for the few purposes my business required, and neither used the public funds or had any necessity for them for my private purposes. In justice to myself, I must add that for all the money I have advanced, whether of my own or the State, I have never charged interest or received compensation in any way whatever, or made direct or conventional agreements with contractors to send orders to my store, or trade there in any way, nor did I ever purchase a draft or estimate at discount.

To the remaining portion of this enquiry I have no knowledge.

In conclusion, I tender to the committee my thanks for their patience and willingness to hear the exculpatory parts of my replies to the enquiries.

Respectfully submitted,

D. BURR.

Indianapolis, Jan. 19, 1842.

J. D. FERRALL submitted his answer to the following interrogatory :

Interrogatory No. 1.

Please state whether Abram Hendricks called on you a few weeks since at Columbus? And if so, state what appeared to be the object of his visit to the railroad line, and what conversation passed between Mr. A. Hendricks and yourself?

Answer.

Mr. A. Hendricks did not call on me at Columbus, but I saw him at Mr. Jone's Hotel. He told me that he had a blank subpoena, to summon witnesses before the investigating committee at Indianapolis, and asked me if I knew any thing against Jesse L. Williams, Noah Noble or John Woodburn in their official capacity. His object as I understood, was to get witnesses to impeach the above named gentlemen. I told him that I would be a witness against him (Hendricks,) for the reason that there was no man in the State of Indiana, that I could say more for, than I could for Jesse L. Williams; that he always treated me well, and I believe him to be an honest man, that whenever I had any difficulty with any of the resident engineers, he (Williams) always settled the matter amicably. As for N. Noble and John Woodburn, that I knew nothing about them; he asked me if I knew any other person, that was dissatisfied. I told him I did not know any except Edward Ferrall, at Scipio, whom I knew was displeased at Noah Noble; he having had a difficulty with Noah Noble and John Woodburn, having had an estimate paid to him, by John Woodburn, and afterwards retained from his partner by N. Noble. I also told Mr. Hendricks that if he would call at Scipio and see Edward Ferrall, he would tell him all about it.

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Part 2.

DOCUMENTS

OF THE

HOUSE OF REPRESENTATIVES,

AT THE

**TWENTY-SIXTH SESSION OF THE GENERAL ASSEMBLY
OF THE STATE OF INDIANA,**

BEGUN AND HELD

AT THE TOWN OF INDIANAPOLIS,

DECEMBER 6, 1841.

By Authority.

INDIANAPOLIS:

DOWLING AND COLE, STATE PRINTERS,
1842.

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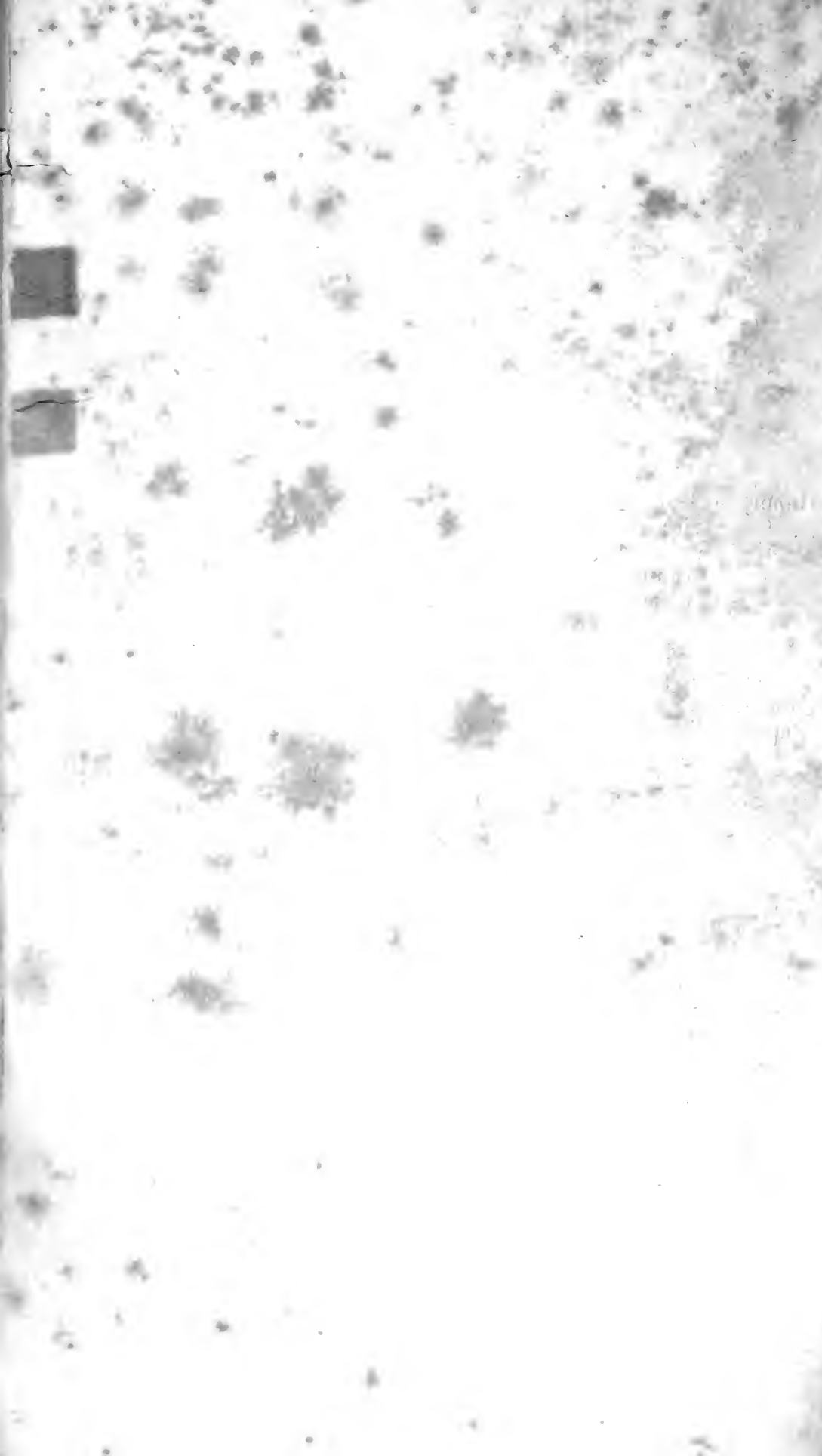
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“ of the State Bank, - - -	107
“ of Milton Stapp, late Fund Commissioner, - - -	119
“ “ State Bank and Branches, - - -	175
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REPORT

OF THE

SECRETARY OF STATE.

SECRETARY OF STATE'S OFFICE, }
 INDIANAPOLIS, *November 1, 1841.* }

To His Excellency,

Samuel Bigger, Governor of the State of Indiana.

The undersigned would respectfully report to your Excellency, that the laws and journals of the last General Assembly, were distributed according to law, by the following persons, at the rates annexed to their names respectively, to-wit:

In the 1st Judicial Circuit, by Jeremiah G. Smith, at				\$29 75
2d	"	"	Abner Smith, "	25 00
3d	"	"	John Koonts, "	25 00
4th	"	"	Edward Lovett, "	51 00
5th	"	"	James Overall, "	22 00
6th	"	"	George McCally, "	23 00
7th	"	"	Nathaniel Bell, "	34 43
8th	"	"	Elijah Sorter, "	50 50
9th	"	"	R. S. Taylor, "	49 00
10th	"	"	Riley Wooten, "	30 00
11th	"	"	Frederick Hartzell, "	48 00

\$387 68

The contracts were all faithfully executed within the time allowed by the Secretary of State, except in the fourth district there was a delay of some fifteen days, occasioned by the loss of a horse, which required the contractor to return home for another.

A contract was also made on the 2d day of August last, with Edward Lovett, for the delivery of one hundred and twenty five cords

of wood, cut into lengths of two feet, for the use of the General Assembly, at the rate of one dollar and twenty two cents per cord.

The undersigned also reports that he has paid into the Treasury, under the proviso of the 4th section of the "Act regulating the salaries of Auditor, Secretary, and Treasurer of State," approved Feb. 11th, 1841, Seventy nine dollars and thirty eight cents received by him; during the past year, for the following services, to-wit: for copies \$23 38; for certificates \$35 00; and for deeds \$21 00.

Respectfully submitted,

WM. SHEETS.

REPORT

OF THE

TREASURER OF STATE,

IN RELATION TO THE THREE PER CENT. FUND.

TREASURER'S OFFICE,
INDIANAPOLIS, 30th October, 1841. }

To the General Assembly of the State of Indiana:

I have the honor herewith to lay before the General Assembly a statement of the condition of the three per cent. Fund.

Respectfully,
GEORGE H. DUNN,
Agent of the 3 per cent. Fund.

The total amount of the three per cent. Fund received from the United States to the present date, including premiums on drafts sold, is	\$497,299 37
The payments from this Fund on the various appropriations to roads, rivers, and counties, prior to the 1st November, 1840, was	\$473,878 67
There has been paid to the several counties in the present year,	15,024 84
The total amount of incidental expenses to 1st November, 1840, was	5,033 94
Incidental expenses of present year,	20 00
	-----\$493,957 45
	<u>\$3,341 92</u>

Leaving, on the 1st November, 1841, subject to the order of the proper commissioners, the sum of \$3,341 92.

Nothing has been received on account of this Fund during the present year. Application for payment was duly made and repeated, but has not yet been attended to, nor any satisfactory cause given for the delay. The amount which the State is now entitled to demand of the United States, is \$4,308 15, and will yield to each county about \$55 00.

The following table will show the amount appropriated to each of the several objects, to which this Fund has been directed; also, the amount paid to, and the amount due to each.

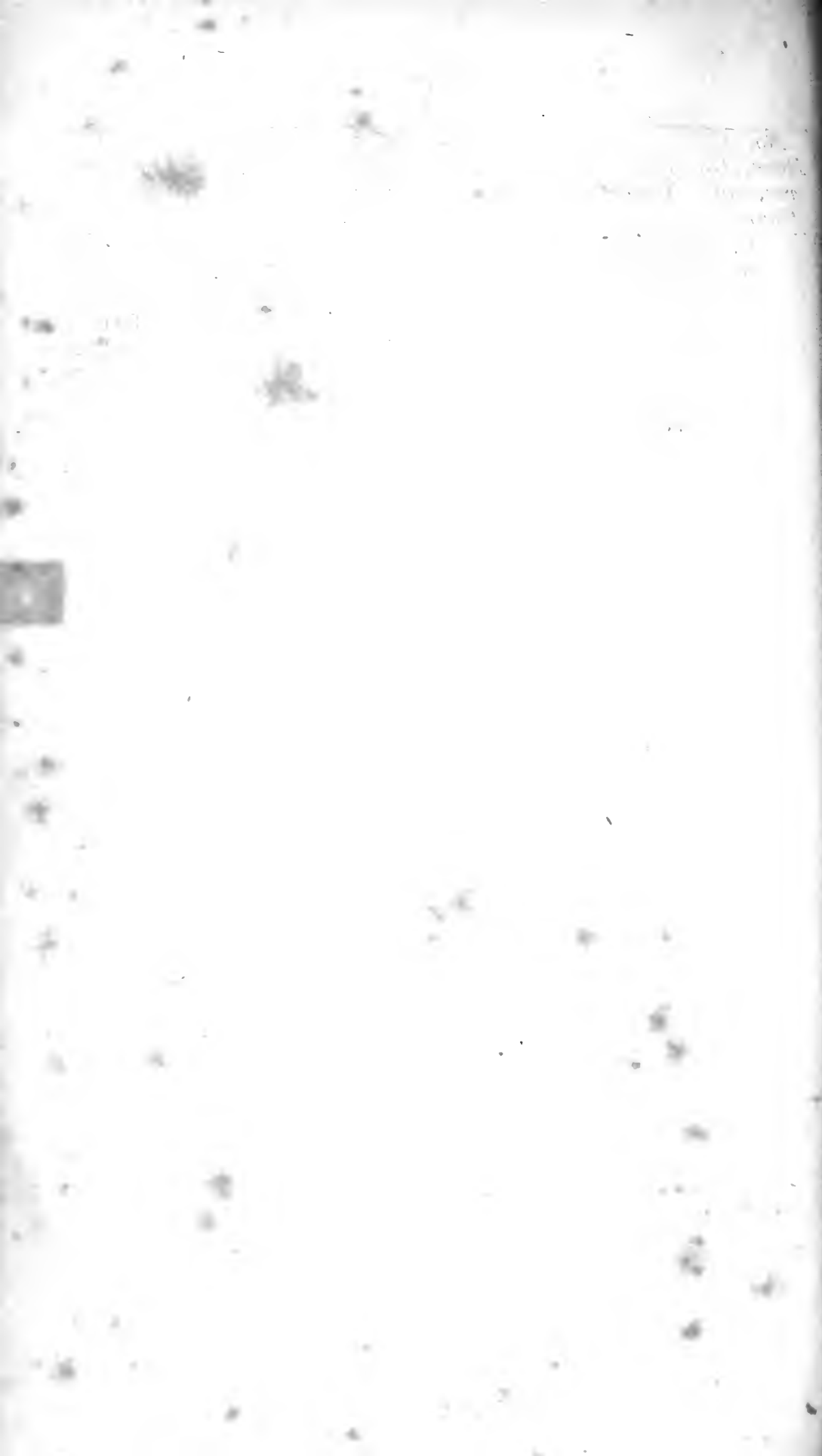
The right hand column shows the amount yet due to each county to meet all existing appropriations: of this balance, however, only a small portion is on hand, \$941 24 to each county being yet to be received from the United States.

By deducting \$941 24 from the sums stated in the right hand column, the balance will be the amount now on hand for such county, and subject to the draft of the proper commissioner.

<i>No. of Road, Ri- ver and County.</i>	<i>Names of Road Commissioners and Counties.</i>	<i>Amount of appropriation to each Road and County.</i>	<i>Amount paid to each.</i>	<i>Balance due each.</i>
12	George White	2,712 23	2,701 19	11 04
14	Garra Davis	3,033 80	3,025 02	8 78
	Amount appropri- ated and paid on 53 roads	111,740 05	111,740 05	
	Amount appropri- ated and paid on 10 rivers	2,050 00	2,050 00	
- 1	Allen (<i>County</i>),	5,387 50	3,952 04	1,535 46
2	Adams - -	5,500 00	4,558 76	941 24
3	Boone - -	5,500 00	4,558 76	941 24
4	Bartholomew -	5,500 00	4,186 71	1,313 29
5	Brown - -	4,000 00	3,058 76	941 24
6	Clinton - -	5,387 50	4,446 26	941 24
7	Carroll - -	4,900 00	3,958 76	941 24
8	Cass - -	5,000 00	4,058 76	941 24
9	Clark - -	5,500 00	4,558 76	941 24
10	Crawford - -	5,500 00	4,558 76	941 24
11	Clay - -	5,387 50	4,446 26	941 24
12	Dearborn - -	5,500 00	4,558 76	941 24
13	Decatur - -	5,500 00	4,558 76	941 24
14	Dubois - -	5,500 00	4,558 76	941 24
15	Delaware - -	5,500 00	4,558 76	941 24
16	Daviess - -	5,500 00	4,558 76	941 24
17	DeKalb - -	4,000 00	3,058 76	941 24
18	Elkhart - -	5,500 00	4,558 76	941 24
19	Fountain - -	4,900 00	3,958 76	941 24
20	Floyd - -	5,500 00	4,558 76	941 24
21	Franklin - -	5,500 00	4,558 76	941 24
22	Fayette - -	5,500 00	4,558 76	941 24
23	Fulton - -	4,000 00	3,058 76	941 24
24	Gibson - -	5,500 00	4,558 76	941 24
25	Grant - -	5,500 00	4,558 76	941 24
26	Green - -	5,500 00	4,558 76	941 24
27	Huntington -	5,387 50	4,446 26	941 24
28	Harrison - -	5,500 00	4,558 76	941 24
29	Hendricks - -	5,500 00	4,558 76	941 24
30	Hancock - -	5,500 00	4,558 76	941 24
31	Hamilton - -	5,500 00	4,558 76	941 24
32	Henry - -	5,500 00	4,558 76	941 24
33	Jackson - -	5,500 00	4,276 38	1,223 62
34	Jennings - -	5,500 00	4,558 76	941 24
35	Jefferson - -	5,500 00	4,558 76	941 24
36	Jasper & Benton	4,000 00	3,058 76	941 24

<i>No. of Road, Ri- ver and County.</i>	<i>Names of Road Commissioners, and Counties.</i>	<i>Amount of appropriation to each Road and County.</i>	<i>Amount paid to each.</i>	<i>Amount due each.</i>
37	Johnson - -	5,500 00	4,558 76	941 24
38	Jay - -	4,009 00	3,058 76	941 24
39	Kosciusko - -	4,600 00	3,658 76	941 24
40	Knox - -	4,900 00	3,958 74	941 26
41	Lawrence - -	5,500 00	4,558 76	941 24
42	Laporte - -	5,500 00	4,558 76	941 24
43	Lagrange - -	5,500 00	4,558 76	941 24
44	Lake - -	4,000 00	3,058 76	941 24
45	Miami - -	5,300 00	4,358 76	941 24
46	Montgomery - -	5,387 50	4,446 26	941 24
47	Morgan - -	5,500 00	4,558 76	941 24
48	Marion - -	5,500 00	4,558 76	941 24
49	Madison - -	5,500 00	4,558 76	941 24
50	Martin - -	5,500 00	4,558 76	941 24
51	Monroe - -	5,500 00	4,558 76	941 24
52	Marshall - -	4,000 00	3,058 76	941 24
53	Noble - -	4,000 00	2,776 38	1,223 62
54	Newton - -	4,000 00	3,058 76	941 24
55	Orange - -	5,500 00	4,558 76	941 24
56	Owen - -	5,500 00	4,558 76	941 24
57	Parke - -	4,900 00	3,958 76	941 24
58	Posey - -	5,500 00	4,064 54	1,435 46
59	Perry - -	5,500 00	4,558 76	941 24
60	Pike - -	5,500 00	4,276 38	1,223 62
61	Putnam - -	5,500 00	4,558 72	941 28
62	Porter - -	4,000 00	2,776 41	1,223 59
63	Pulaski - -	4,000 00	2,776 38	1,223 62
64	Ripley - -	5,500 00	4,558 76	941 24
65	Randolph - -	5,500 00	4,558 76	941 24
66	Rush - -	5,500 00	4,276 38	1,223 62
67	St. Joseph - -	5,500 00	4,558 76	941 24
68	Scott - -	5,500 00	4,558 76	941 24
69	Switzerland - -	5,800 00	4,858 76	941 24
70	Spencer - -	5,500 00	4,558 76	941 24
71	Shelby - -	5,500 00	4,558 76	941 24
72	Sullivan - -	4,900 00	3,676 38	1,223 62
73	Steuben - -	4,000 00	3,058 76	941 24
74	Stark - -	4,000 00	3,058 76	941 24
75	Tippecanoe - -	4,900 00	3,958 76	941 24
76	Union - -	5,500 00	4,558 58	941 42
77	Vermillion - -	4,900 00	3,958 76	941 24
78	Vanderburgh - -	5,500 00	4,558 76	941 24
79	Vigo - -	4,900 00	3,958 76	941 24
80	Wabash - -	5,387 50	4,446 26	941 24

<i>No. of Road, Ri- ver, and County.</i>	<i>Names of Road Commissioners, and Counties.</i>	<i>Amount of appropriation to each Road and County.</i>	<i>Amount paid to each.</i>	<i>Amount due each.</i>
81	Warren - -	4,900 00	3,958 76	941 24
82	Washington -	5,500 00	4,558 77	941 23
83	Warrick - -	5,500 00	4,558 76	941 24
84	Wayne - -	5,500 00	4,558 76	941 24
85	Whitley - -	4,000 00	3,058 76	941 24
86	Wells - -	4,000 00	3,058 76	941 24
87	White - -	4,487 50	3,546 26	941 24
88	Wabash appropria- tion - -	7,000 00	7,000 00	
		<hr/> \$574,148 58	<hr/> 488,903 51	<hr/> 85,245 07







REPORT

OF THE

STATE LIBRARIAN.

STATE LIBRARY,
INDIANAPOLIS, Nov. 1841. }

The STATE LIBRARIAN respectfully reports to the General Assembly, the following list of Books as having been added to the State Library during the present year, which was reported by W. J. Brown, Esq. late Librarian, at the last session of the Legislature as bought by him, but not then received.

	VOL.	SIZE	COST.
Anderson's History of Commerce,	4	4to	\$9
Anarcharsis' Travels, -	2	8vo.	4
Asher's Travels in the U. S. - - -	1	"	1 13
Delolme on the Constitution of England, -	1	"	2
Dodsley's Annual Register, - - -	71	"	90
Froissart's Chronicles, - - -	2	"	8
Gray's Debates in the House of Commons, -	10	"	5
Guthrie's general History of Scotland, -	10	"	6
Hallam's const. History of England, - -	3	"	6
Hansard's Parliamentary History, - -	36	"	65
Historical Register, from 1716 to 1738, -	21	"	10
Ben Johnson's Works, - - -	1	"	5
Milford's History of Greece, - - -	8	12mo.	6 50
Proud's History of Pennsylvania, - - -	2	8vo.	3 50
Smith's History of New York, - - -	"	"	2 50
Collection of Parliamentary Debates, - -	22	"	11
Reports of Committees of the House of Commons,	25	folio	16
Hargrave's State Trials, 11 vols. bound in six, -	6	"	20
Guthrie and Grey's History of the World, -	13	8vo.	8
Kerr's Collection of Voyages and Travels, -	18	"	30

Also the following Books purchased for the year 1841, have been received and added to the Library.

	VOL.	COST.
Anglo Saxon's, - - - - -	2	\$5 00
Foreign Literature, - - - - -	9	7
Rank's History of the Popes, - - - - -	2	5
Bridge Water Treatises, - - - - -	7	14
Louden's Agriculture, - - - - -	1	10
Louden's Gardening, - - - - -	1	9
Bancroft's 3 vol. U. S. History, - - - - -	1	1 88
Hartford Convention, - - - - -	1	75
Story's Commentaries, - - - - -	3	9 50
Liebig's Chemistry of Agriculture and Physiology, - - - - -	1	1 25
Coleman's Christian Antiquities, - - - - -	1	2 25
Police of the Metropolis, - - - - -	1	75
Life of Slater, and History of Manufactories, - - - - -	1	1
Schlegel's History of Literature, - - - - -	1	95
Washington's Works, - - - - -	12	17 69
Central America, Yucatan, &c. - - - - -	2	4 50
Mindley's Horticulture, - - - - -	1	90
Ferdinand and Isabella, - - - - -	3	6
Madison Papers, - - - - -	3	7 50
Selections from Edinburg Reviews, - - - - -	4	10
Democracy in America, 1st and 2nd part, - - - - -	2	3 25
Heeren's Researches into the Nations of Antiquity, - - - - -	3	7 50
Everett on Population, - - - - -	1	63
Ancient Universal History, - - - - -	20	20
American Quarterly Review, - - - - -	22	16
Debates in New York Convention, - - - - -	1	1 50
Young's Chronicles of the Pilgrims, - - - - -	1	2 25
Edinburg Annual Register, - - - - -	13	9 75
Dalrymple's Memoirs, - - - - -	2	3 50
Campbell's Survey, - - - - -	2	3 50
North American Review, - - - - -	49	91 88
Book of the Indians, - - - - -	1	3
Lieber's Political Ethics, - - - - -	2	3 50
Story's Miscellaneous Writings, - - - - -	1	1
Military and Naval Letters, - - - - -	1	2 50
Woodfall's Junius, - - - - -	2	3 50
Gillie's Greece, - - - - -	1	1 50
Ferguson's Rome, - - - - -	1	1 50
Guizot's History of Civilization, - - - - -	1	1 13
Heeren's Manual of Ancient History, - - - - -	1	4
Machiavali's Works Complete, - - - - -	1	5
Hamilton's Life, - - - - -	2	4 50
New York Historical Collections, - - - - -	1	2 50

	VOL.	COST.
Smith's French Revolution, - - -	3	9
Dr. Channing's Works, - - -	5	5
Historical Sketches of Statesman Brougham, - - -	2	2 50
Schegel's Philosophy of History, - - -	2	2 25
Malthus on Population, - - -	2	4
Spark's edition of Franklin's Work's, - - -	10	25
Force's History of Tracts, - - -	2	5 00
Quincy's History of Harvard University, - - -	2	5 50

The following is a list of books missing from, and belonging to the State Library, which have been found since the present Librarian came into office in February last. Some of which were reported missing by a committee appointed at the last session of the Legislature, and many others have been found that were not charged to any person; this will account for duplicate copies of some works now in the Library. Many books that were supposed lost, was not found until after the list of books was made out for this year's purchase.

BOOKS FOUND.

	VOLS.
Lingard's England, 2d vol. of Work, - - -	1
Simond's Switzerland, - - -	1
Elegant Extracts, - - -	1
Memoirs of A. Burr, - - -	1
Wardsworth's Poems, - - -	1
Vattel's Laws of Nations, - - -	1
Life of Harrison, - - -	1
Autobiography of Scott, - - -	1
Webster's Speeches, - - -	1
T. Moore's Poetical Works, - - -	1
Cowper and Thompson, - - -	1
Burn's Poems, - - -	1
Gillie's Greece, - - -	1
Jefferson's Writings, - - -	1
Burk's Works, 2d vol. - - -	1
Life of Newton, F. L. - - -	1
History of Italy, F. L. - - -	1
History of China, F. L. - - -	1
Gill and Johnson, - - -	1
Edgeworth's Works, 3d and 10th vols. - - -	2
Athenæum, vol. 6, - - -	1
Foreign Review, 1st and 4th vols. - - -	2
Crusades, - - -	1
Peveriel of the Peak, 3d vol. - - -	1
Prairie, 1st and 2d vols. - - -	2
Adam's Lectures, 1st vol. - - -	1
Anacharsis' Travels, (small edition,) - - -	1
Far West, - - -	2

	VOLS.
Rienzie, or the last of the Tribunes, - - -	1
Bound Journals and Laws, - - -	58
Story's Commentaries, - - -	3
Curiosities of Literature, - - -	1
Gibbon's Roman Empire, 2d vol. - - -	1
Quenton Durward, 2d vol. - - -	2
Upham's Mental Philosophy, - - -	1
Webster's Dictionary, - - -	1
Henry's Chemistry, 1st vol. - - -	1
Eloquence of the U. S. 1st vol. - - -	1
Democracy in America, - - -	1
Gordon's Digest, - - -	1
Foreign Reviews for 1828-29, - - -	2
New England Magazine, 4th and 7th vols. - - -	2
Life of Mohammed, by Bush, F. L. - - -	1
Pilot, - - -	2
British Poets, 2d and 20th vols. - - -	2
Bound Laws of Indiana, 1816, 1837, 1839, - - -	3
Newman's Political Economy, - - -	1
Weekly Register, vol. 10, - - -	1
Peter Pindar, - - -	1
Domestic Encyclopædia, 1st and 2d vols. - - -	2
Lacon, in 2 vols. - - -	2
Moral Philosophy, - - -	1
England and the English, in 2 vols. - - -	2
Montgomery's Lectures of General Literature, - - -	1
Zenzendorff and other Poems, - - -	1
Lemprier's Classical Dictionary, - - -	1
A Tour on the Prairies, by the Author of the Sketch Book, - - -	1

The following is a list of Congressional Documents, Laws of Congress, and Laws and Documents from other States, that have been received during the year 1841, and added to the Library.

	VOLS.
Porter's (Alabama) Reports, bound, - - -	9
Battle's (North Carolina) Reports, unbound, - - -	1
Acts of Tennessec, 1839-40, bound, - - -	2
Laws of N. Hampshire, June and Nov. Session, 1840, unbound, - - -	2
Acts of first Session, 26th Congress, - - -	243
House Journal of Congress, 1839-40, bound, - - -	3
Laws of Michigan, 1840, half bound, - - -	1
Special Message from Michigan, unbound, - - -	1
Revised Statutes, Vermont, 1839, bound, - - -	3
Reports Supreme Judges of Vermont, vols. 8 & 9, bound, - - -	2
Reports of Vermont, new series, by G. B. Shaw, 10th and 11th vols. - - -	2

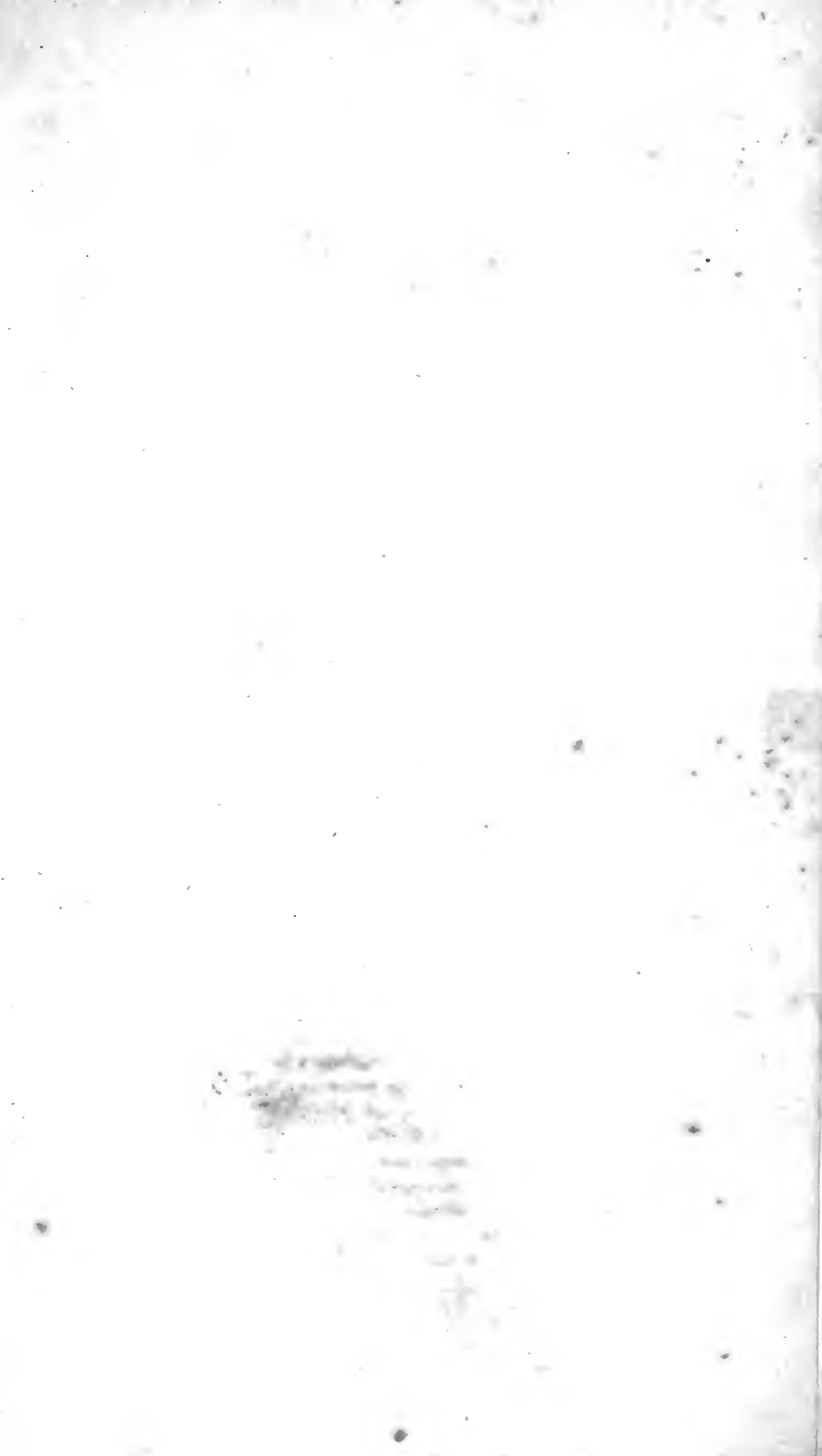
Laws of Vermont, 1840, unbound, - - - -	3
Final Report on the Geology of the State of New Jersey, unbound, - - - -	1
Reports Supreme Court of Connecticut, by T. Day, bound, - - - -	1
Acts of 2d Session 26th Congress, - - - -	144
Alabama Reports, new series, vol. 1, bound, - - - -	1
Laws of Alabama, for 1840, half bound, - - - -	1
Statutes of S. Carolina, vols. 7 & 8, bound, - - - -	2
Harrington's (Delaware) Reports, 2d vol. bound, - - - -	1
Acts and Resolves of Massachusetts, 1841, 3 vols. unbound, - - - -	3
Acts of Kentucky, 2 vols. half bound, - - - -	2
Acts of Congress, 2d Session, 26th Congress, - - - -	108
Maine Reports for 1841, 4th vol. bound, - - - -	1
Report of Committee N. E. Boundary, unbound, - - - -	1
Laws of Mississippi, 2 vols. unbound, - - - -	2
Laws of Louisiana, unbound, - - - -	3
Illinois Reports, half-bound, - - - -	3
Laws of Illinois, 1840-41, bound, - - - -	3
Acts of New Jersey, 1841, unbound, - - - -	3
Reports, (N. Carolina,) for Dec. 1840, unbound, - - - -	1
Laws of Delaware, 1841, unbound, - - - -	3
Geological Survey of the State of Delaware, unbound, - - - -	1
Journal of the Senate of Mississippi, 1840-41, unbound, - - - -	1
“ “ House of “ 1840-41, unbound, - - - -	1
Laws of Maryland, 1840-41, half bound, - - - -	3
Laws of New York, 1840-41, bound, - - - -	3
Bozam's History of Maryland, bound, - - - -	1
Conventions of Maryland, 1774-75-76, bound, - - - -	1
Acts of Connecticut, 1840-41, unbound, - - - -	3
Acts of Ohio, General and Local, 1840-41, bound, - - - -	2
Reports of Arkansas, vol. 1, 1840, bound, - - - -	1
Laws of Missouri, 1841, half bound, - - - -	3
Annual Report, Geology New Hampshire, unbound, - - - -	1
Laws of N. Hampshire, June Session, 1841, unbound, - - - -	1
Resolves of the State of Connecticut, 1841, unbound, - - - -	2
Acts and Resolves of Maine, Jan. Session, 1841, unbound, - - - -	6
Missouri Reports, No. 5 & 6, from 1838 to 1840, bound, - - - -	2
Revised Statutes of Maine, 1840-41, bound, - - - -	3
Journals of Congress House of Reps. 1839-40, - - - -	3
“ “ Senate U. S. 1839-40, - - - -	3
Reports of Committees 1839-40, vols. 1, 2, 3, 4, three each, - - - -	12
Executive Documents, 1st Session 26th Congress, vols, 1, 2, 3, 4, 5, 6, 7, three each, - - - -	21
Senate Documents, 1st Session 26th Congress, vols. 1, 2, 3, 4, 5, 6, 7, three each, - - - -	21
Geology of Rhode Island, bound, - - - -	1

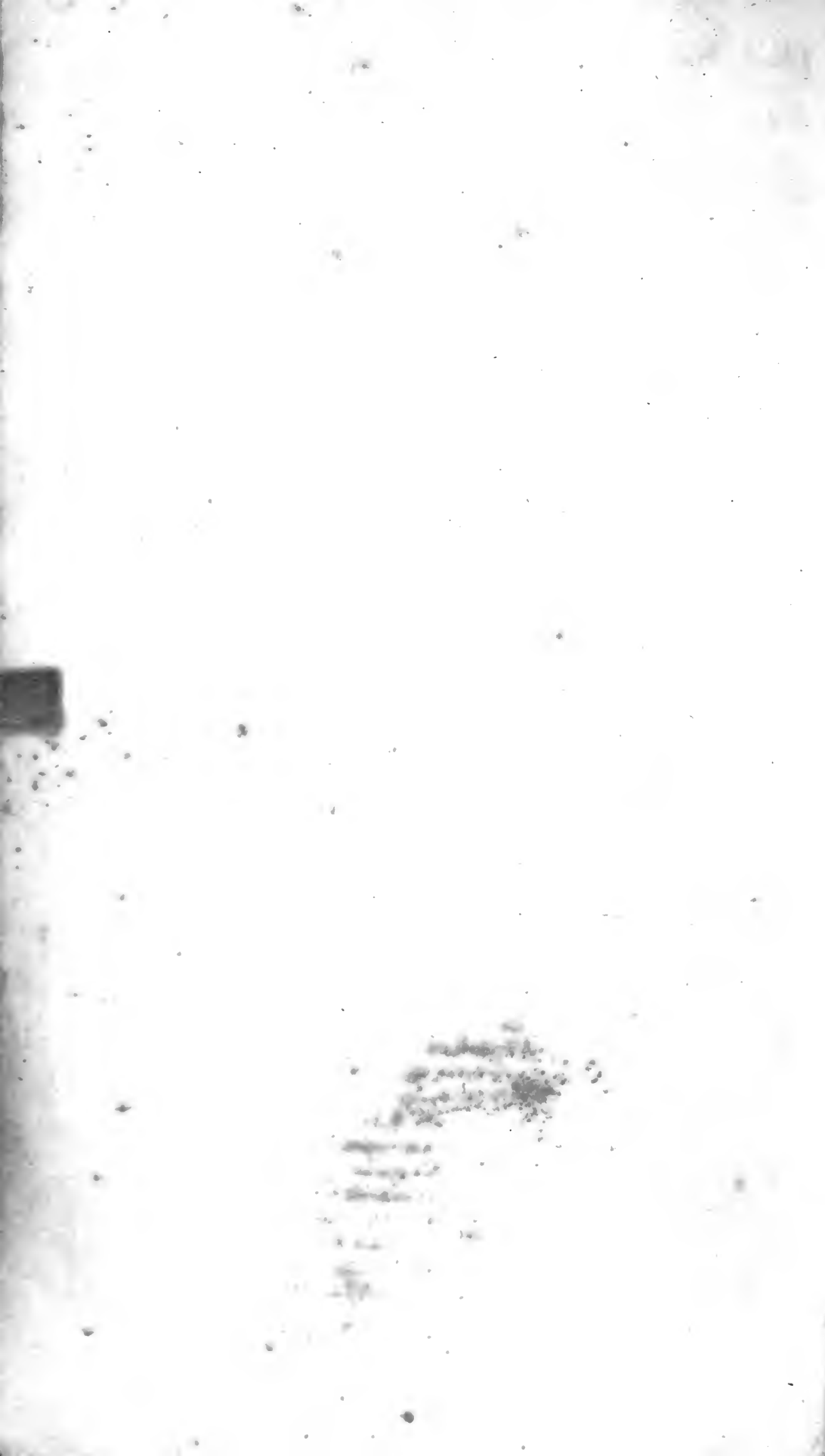
	VOLS.
Journal of Senate, Mississippi, unbound, - - -	1
“ House, “ “ - - -	1
Laws of Pennsylvania, 1840-41, half-bound, - - -	3
Received from the Patent Office, Digests of Patents U. S.	
1839-40, - - - - -	28

Although a great number of Books have been found that belonged to the State of Indiana, there are now out I should suppose from the best evidence I can get, at least one hundred volumes. The Librarian would respectfully represent to the Legislature, that for several years past, (since 1832,) the laws of Congress for this State, have been accumulating until there are on hand at this time hundreds of unbound acts of Congress; it is for your Honorable Body to decide what disposition shall be made of them.

Respectfully submitted,

JOHN COOK, State Librarian.





REPORT

OF THE

AUDITOR OF STATE,

NOVEMBER 1, 1841.

Printed as required by "An act to provide for Public Printing," approved February 16, 1839.

AUDITOR'S OFFICE, }
Nov. 1, 1841. }

*His Excellency, Samuel Bigger,
Governor of Indiana.*

SIR—Agreeably to the provisions of an "Act relative to officers of State," approved January 25th, 1841, I herewith submit to you the annual report of this department.

The several items which constitute the funds of the State, such at least as the laws of the State have given this office any cognizance of, are arranged under their respective heads, with such remarks as have suggested themselves to my mind as worthy of your consideration.

No. 1. General Revenue, is an exhibit of the receipts from every source, and expenditures from 31st Oct. 1840, to 31st Oct. 1841.

The receipts amount to the sum of \$451,637,22, and the expenditures to \$421,874,15, showing a balance in the treasury, provided all warrants audited to that date are paid, of \$29,763,07.

Statement No. 2, is a statement in tabular form of the assessments of Revenue in each county, for 1841. This shows the number of polls, quantity of land taxed, value of lands and improvements, value of town lots, corporation stock, personal property, the total valuation of all taxables, the amount of State tax, amount of County tax, amount

of road tax, and total of taxes. In this table, columns are added for comparison, showing the assessments in 1840, the *increase* or *decrease* from 1840 to 1841, of property or polls.

By this table it will be seen, that the number of polls assessed in 1841, is 103,746; leaving out the counties of Crawford, Miami, and Vanderburgh, from which no returns have been made, and as I am informed, no assessments have been made for 1841. The causes of this neglect, will, in due time be inquired into, and the delinquent officers prosecuted. It will be observed, that in a few of the counties, there is a decrease in polls, since 1840. This is owing to the bad assessments of the present year in those counties.

The number of acres of land assessed in 1841, is 10,187,764, valued at \$63,120,309. Showing an increase in the value of taxable lands from 1840 to 1841, of \$4,778,317. The increase of number of acres of taxable land, during the same period, is 1,914, 644 acres. By the report of the Commissioner of the General Land Office, the quantity of lands sold in Indiana, in 1836, is 3,249,210 acres. Those sold in January and February only of this year, would become, for the first time, taxable in 1841.

It is believed that with the aid of the tract books, furnished from this office, the appraisers, if they have done their duty, have been enabled to get upon the tax duplicates of the respective counties, the most if not all the taxable lands. A comparison, however, of their returns when made by the county auditors, with the assessment rolls of 1841, will enable us to judge of their general correctness. The valuation of all town lots and buildings, amounts to \$11,339,723.—That of 1840, was \$12,503,519, showing a decrease of value, of \$1,163,796, since 1840; and a decrease since 1839, of \$3,336,649, notwithstanding the improvements erected since then. The valuation of all corporation stock, exclusive of Bank stock, amounts to \$288 692. In 1840, the corporation stock returned, amounted to \$1,168,342, showing a decrease of \$879,650. From this decrease the Bank stock is to be deducted; the exact amount of which is unknown to me, at this time, as the Banks have, until the first of December to make their returns to this office, But the Bank stock may be estimated at \$775,000, which deducted from the \$879,650, would leave the true *decrease* at \$104,650. By the foregoing, it appears that the whole amount of corporation stock, moneys loaned at interest, notes, bills, &c. bought with money. in the State, amount to \$288,692. This is evidently too small. The money loaned by the Insurance Offices alone, will exceed this sum.

The valuation of all personal property for 1841, amounts to \$20,870,039; last year it amounted to \$19,740,166—difference \$1,129,873. It will be borne in mind, that by the law of last year *all* personal property was made taxable for the first time. The committee of Ways and Means, in their report last year, (see Table No. 6,) supposed that the personal property heretofore exempted from taxation would amount to \$5,000,000. But by the assessments of this year, the increase is only \$1,129,873. This can in part, I presume, be ac-

counted for by the carelessness in assessing—but principally in the low estimate fixed by the owners upon their personal property. It is an average of about \$200 to each tax payer. When we remember that the term "*personal property*" includes all the merchandise, all the stock and grain, all the household property and money on hand, it will be very evident, that there is great remissness in assessing this item of taxable property.

The total value of all taxable property for 1841, is \$95,518,763. Amount returned for 1840, was \$89,755,785, showing an increase in the amount of taxables of \$5,762,978. From this increase should be deducted the *decrease* in certain other counties of \$2,235,570, which makes the actual increase of \$3,527,408, from 1840 to 1841. From 1839 to 1840, notwithstanding the additional lands becoming taxable for the first time, the decrease was \$15,281,696. The decrease from 1839 to 1841, appears to be \$1,518,952, and this notwithstanding there is an increase of taxable lands of 2,712,444 acres, which at the average price per acre for this year, would be at least \$19,000,000. Then add the decrease as before, to the last named sum, and it shows a decrease in value of property, from 1839 to 1841, of \$20,518,952, which to each tax payer, is about \$200 loss in reduction of value of his property, since 1839.

The total amount of State Revenue, for 1841 is	\$459,884 55
The total amount assessed for county purposes, is	232,302 52
The total amount assessed for road purposes, is	37,048 91
The total amount assessed for Rail Road purposes, is	1,917 36
The amount assessed in Orange co., omitted in 1840,	2 40

Making the whole tax assessed for 1841, \$731,155 74

This to each tax payer averages \$7,04 $\frac{1}{2}$ cents.

The assessments for 1841, were made under the old Revenue law. The collections however, will be made under the new law. As regards the late or new revenue laws, I have had but little opportunity as yet to test their efficiency, or learn their practical defects. From my official intercourse with the County Auditors and Treasurers elected under these laws, I have no doubt, judging from their business qualifications, as evinced in their returns and correspondence with this office, that the County and State business necessarily entrusted to them, will be better done generally, than by the Clerks. The latter do not lack qualifications so much, as they do the time to give to the business of the county, that attention which its importance demands. The difference in the cost of the two systems, will be seen, by reference to Statement No. 4, which will be seen to be decidedly in favor of the present law.

Statement No. 3. This table is designed more particularly to show the increase of taxable lands in each county, from 1840 to 1841.—Also the average amount per acre, at which the lands of the State were valued for 1839, 1840 and 1841.

By this it will be seen that the increase of taxable lands since 1840, is 2,604,823; and that the *decrease*, is 174,194 acres

This decrease is caused by negligence on the part of the Assessors. It will be seen too, that the value of lands has steadily decreased since 1839. Had lands borne the same value that they did in 1839, the valuation would have been this year on the 10,187,764 acres, at \$8,80 per acre, (the average for 1839.)

By deducting the present value, \$89,652,323
63,120,309

Shows the amount lost by decrease since 1839, \$26,532,014

In 1838, the average value per acre for the State, was \$7,30

In 1839, the average valuation per acre, was 8,80

In 1840, the average valuation per acre, was 7,05

In 1841, the average valuation per acre, was 6,18

Statement No. 4. This table is intended more particularly, to show the cost of collection of Revenue in each county, under the present law, contrasted by appropriate columns, with what would have been the cost for collecting the same amount under the "*old*," or former Revenue law.

As shown by this table, the total amount of taxes is \$731,155 74
The supposed delinquencies for 1841, - - 73,115 57

Total taxes, after deducting supposed delinquencies, \$658,040 17
Deduct Treasurer's per cent. for collection, under present law, - - - - 31,027 51

Supposed net amount of State, County, and Road Tax, realized to the State and County Treasuries, as collected under the new law, - - - \$627,012 66

Total amount of taxes as above, - - \$731,155 74
Delinquencies *supposed* for 1841, - - 73,115 57

Deduct Collector's nine per cent. for collection on State Tax, under old law, - - - 658,040 17
37,250 73

Deduct Collector's six per cent. for collection of County and Road Tax, under *old* law, - - \$620,789 44
14,544 96

Amount of taxes that would be realized to County, and State Treasuries, at the per cent. for collection allowed under the old law, - - - \$606,244 48
As above, under new law, - - - 627,012 66

Showing a saving to the people annually, by adopting the present system, of - - - \$20,768 18

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As above, under new law, - - - 627,012 66

Showing a saving to the people annually, by adopting the present system, of - - - \$20,768 18

Tabular Statement of the Assessment of State, County, and Road Taxes, in the respective Counties for 1841, with columns for 1840, with a view to comparison of

Revenue for those two years.

Name of County.	Area of land assessed.	Value of land and improvements.	Value of Town lots, including buildings.	Value of Corporation Stock.	Value of all other personal property.	Total value of all property in 1841.	Total value of all property in 1840.	Increase of taxable property, since 1840.	Decrease of taxable property, since 1840.	State Tax on Property in 1841.	County Tax on Property in 1841.	Road Tax on Property in 1841.	Total amount of taxes in 1841.	State Tax on Property in 1840.	County Tax on Property in 1840.	Road Tax on Property in 1840.	Total amount of taxes in 1840.	Increase of polls.	Decrease of polls.	REMARKS.	
1 Allen	212,709	767,835	359,673	133	172,025	1,290,330	1,056,595	233,735		86,419	76	\$3,004	86	\$1,777	90	\$13,531	46	1,329	1,387	50	47
2 Adams	114,601	77,177	4,274		35,314	116,961	87,090	29,871		777	03	732	28	40	1,612	13	363	415	50		
3 Bartholomew	121,261	1,431,690	107,118		380,290	1,920,088	1,473,742	446,346		7,474	33	41,390	16	761	64	12,065	53	1,375	1,448	60	
4 Bedford	87,719	37,120	60,940		28,732	126,512	102,532	23,980		535	31	536	35		78	1,077	20	56	78		
5 Berks	146,661	796,418	37,418		295,732	1,069,700	794,270	275,430		5,221	66	3,193	52	534	39	8,947	57	1,176	1,263	80	86
6 Brown	3,270	36,211	3,456		39,984	79,653	77,760	1,893		377	33	670	20		1,247	55	309	343	40		
7 Blackford	7,412	105,531			16,131	121,662	125,259	1,603		398	53	20	64	20	1,017	34	219	219			
8 Boone	149,618	1,015,157	37,418		164,941	1,217,111	1,015,337	201,774		1,453	10	30,29	36	11,413	72	2,945	2,945	206	206		
9 Bay	41,041	239,077	22,807	166	82,287	331,415	347,321	3,904		2,008	66			2,008	66	826	804		22		
10 Bedford	189,153	870,000	70,709		239,093	1,319,779	965,077	354,702		4,023	40	4,222	54	362	26	8,600	20	1,002	948	110	
11 Cass	72,721	71,721			115,551	83,072	79,760	3,312		4,023	40	4,222	54	362	26	8,600	20	1,002	948	110	
12 Clinton	162,149	836,141	68,781		141,269	1,055,389	1,069,333		13,441	5,111	58	2,177	81	1,055	89	8,318	31	1,138	1,108	50	
13 DeKalb	271,113	2,060,172	69,217	77,099	561,655	3,130,677	3,431,013	123,330		15,431	99	5,024	77	4,297	61	25,474	37	3,000	2,910	90	
14 DeKalb	155,264	1,402,052	131,747		202,229	1,857,228	1,866,591	11,363		11,765	64	91	1,002	91	1,002	91	1,697	110			
15 DeKalb	81,307	532,106	81,755		200,747	817,492	619,101	198,391		4,061	63	3,587	62	41	38	7,453	03	1,056	1,100	94	
16 DeKalb	130,146	1,301,146	16,203		113,370	2,000,021				1,514	83	1,449	82		2,964	63	592	633	41		
17 DeKalb	116,130	66,2132	73,193		148,029	887,345	739,006	148,339		4,329	67	4,393	92	222	40	8,554	99	1,322	1,307	15	
18 DeKalb	17,425	56,209	967		38,995	106,282	97,561	8,721		1,074	37			517	26	2,560	66	347	383	36	
19 DeKalb	169,129	565,713	76,453		92,909	735,076	646,236	114,850		3,917	76	3,218	73	1,133	56	8,270	05	1,116	1,152	36	
20 Fayette	1,070,398	1,715,535	136,817	2,596	429,260	2,347,399	2,350,091		17,515	10,462	72	3,061	93	1,173	96	14,698	61	1,453	1,428	25	
21 Floyd	106,234	761,316	70,468		218,350	2,060,661	2,450,136	389,475		9,530	32	4,583	19	14,092	59	14,707	19	1,707	1,707	90	
22 Franklin	1,477,270	1,277,270	237,784	39,322	222,222	2,750,000	2,721,219	28,781		11,824	43	3,335	92	1,267	69	15,447	29	1,258	1,227	90	
23 Fountain	101,011	1,174,594	147,594	275	300,207	1,974,483	1,974,536	1,947		9,286	68	2,036	98	1,376	48	14,100	14	1,733	1,811	86	
24 Fulton	153,086	1,235,772	11,038		229,065	1,564,311	1,373,339	190,972		905	78	1,016	77	78	16	20,090	71	356	374	16	
25 Fulton	136,213	812,714	14,146		136,213	1,307,560	1,307,560			4,319	60			4,319	60	1,716	11	1,336	1,411	74	
26 Fulton	66,002	298,814	25,620		159,953	474,499	483,382		7,887	3,662	23	1,523	11		5,185	34	1,112	1,112	3		
27 Grant	73,232	441,704	30,092		96,887	593,883	466,037	126,846		3,030	10	2,537	51		5,567	61	809	829	60		
28 Hamilton	390,622	1,912,017	66,473		351,230	2,313,146	2,253,339	59,807		6,248	39	3,535	23	9,833	58	14,777	1,033			84	
29 Hamilton	196,234	862,141	70,468		218,350	1,577,566	1,412,406	165,160		7,888	46	1,523	19	14,092	59	14,707	19	1,707	1,707	90	
30 Hamilton	193,511	1,015,563	88,763		256,772	1,564,102	1,381,821	182,281		17,710	77	4,136	29	2,981	29	216	11	1,333	1,567	140	
31 Henry	229,174	1,030,603	130,637		104,110	2,376,350	2,120,357	255,993		11,073	13	3,420	85	1,176	17	15,679	17	1,939	2,089	130	
32 Henry	156,163	796,772	69,151		133,348	1,096,151	972,254	123,897		4,717	13	2,502	91	479	67	7,696	38	1,153	1,160	33	
33 Huntington	55,110	377,473	17,809		43,803	367,108	349,697	17,411		1,438	10	2,523	63		4,504	36	1,033	1,033	62		
34 Jackson	115,079	614,129	47,300		285,208	990,647	800,105	172,542		4,912	54	4,092	22	490	31	9,455	07	1,226	1,230	94	
35 Jefferson	174,511	1,232,290	120,329	129,347	625,331	3,671,295	3,607,063	64,232		16,490	76	4,279	91	21,380	67	23,867	2,365	1,420	1,406	106	
36 Jefferson	151,129	601,223	89,029	91,091	292,057	995,627	835,429	160,198		4,335	55	2,472	63	809	66	6,509	63	1,136	1,207	115	
37 Johnson	162,936	1,141,590	69,106		293,292	1,501,712	1,598,453	96,741		7,007	84	2,217	71		9,305	52	1,407	1,426	19		
38 Joy	6,441				15,531	75,570	78,601			1,189	24	1,427	18	317	29	2,853	68	611	646	35	
39 Jasper					31,237	31,237	30,347	10,890		235	44	634	15		912	59	136	175	40		
40 Knox	178,181	971,435	487,291		1,016,274	4,060,610	3,750,127	310,483	45,680	10,849	23	7,772	17	407	82	13,319	29	1,374	1,374	90	
41 Keweenaw	95,228	317,793	29,616		104,939	483,570	191,071	292,500		2,516	89	2,079	88		4,596	71	658	728	124		
42 Lawrence	214,061	1,000,790	149,622		376,783	1,615,203	1,626,990	11,787		11,737	06	2,927	45		10,700	51	1,550	1,759	192		
43 Lawrence	156,281	1,156,281	16,405		131,871	1,278,156	1,278,156			1,331	16	2,075	10		10,130	11	1,400	1,400	90		
44 Lehigh	170,826	879,119	133,292		193,752	1,214,707	1,054,676	160,031		5,019	64	4,017	93	151	21	10,130	01	1,470	1,490	26	
45 Lehigh	10,717	15,314	1,100		61,091	78,041	51,637	26,404		513	16	1,179	54		2,032	70	278	300	30		
46 Lehigh	106,336	921,356	71,003		144,952	1,041,311	897,205	144,106		5,301	36	5,301	36	1,038	09	11,440	61	1,349	1,376	27	
47 Lehigh	29,608	2,960,608	1,041,371	15,001	70,414	3,834,706	3,406,504	428,202		17,222	57	7,074	55	93	44	26,007	92	2,605	2,615	242	
48 Lehigh	27,096	113,804	13,435		71,156	197,595	177,061	20,534		1,239	62	1,586	96		2,326	58	566	599	33		
49 Monroe	111,104	829,102	152,216		311,182	1,322,508	1,284,638	37,870		6,331	40	3,079	93		9,474	29	1,360	1,434	74		
50 Montgomery	295,147	2,020,412	189,262		437,572	2,648,110	2,275,151	372,959		124,379	12,033	38	4,271	10	16,418	20	2,257	2,189	60		
51 Montgomery	21,222	112,222	11,222		112,222	1,411,000	1,411,000			10,833	78	1,257	91		14,087	69	1,400	1,400	114		
52 Marshall	73,865	167,013	13,630		23,185	210,520	140,510	70,010		1,023	58	2,258	24	210	77	3,662	53	290	334	44	
53 Meriden					12,945	12,945	105,001	53,065		979	03	1,313	58		2,322	67	1,000	1,000	129		
54 Meriden	108,723	72,896			113,960	1,139,711	1,139,711			5,741	09	2,063	28		8,188	26	1,494	1,494	23		
55 Orange	156,229	67,130	84,391		44,130	1,190,711	1,190,711			3,717	19	1,592	72		5,699	96	1,019	1,019	63		
56 Owen	75,668	479,888	40,483		202,200	723,671	66,341	56,330		9,141	47	3,992	25		12,623	72	1,838	1,930	112		
57 Palmyra	196,506	1,71,957	94,503		405,813	1,917,273	1,995,538	78,065		5,012	68	2,012	68		13	15	4,693	2,569	129		
58 Putnam	720,368	1,014,423	11,038		191,423	2,014,423	2,014,423			1,063	42	1,443	13	14	72	3,423	30	745	767	19	
59 Pike	41,553	205,001	35,213	650	166,129	347,044	320,610	26,434		5,380	18	2,887	70	314	58	5,582	44	1,513	1,581	68	
60 Posey	212,692	648,092	165,812		331,669	1,043,003	1,016,102	26,901		10,309	94	3,865	36		14,075	30	2,193	2,344	141		
61 Putnam	293,451	1,456,039	146,693		311,402	2,114,062	2,019,953	94,109		1,351	10										

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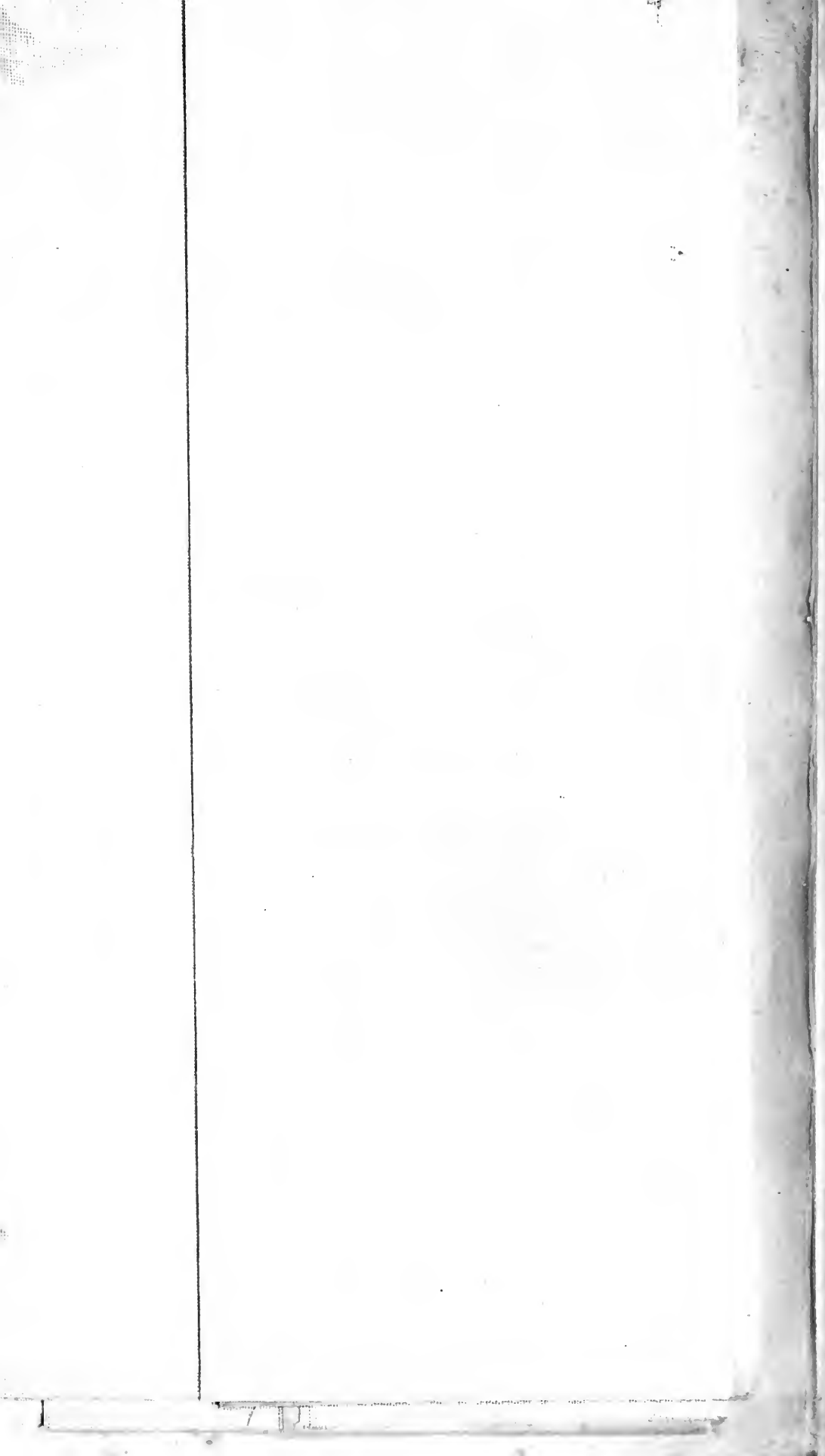
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STATEMENT NO. 4.

Doc. Auditor's Report.

Tabular statement showing the amount of State, County, and Road Tax, for 1841, supposed delinquencies for 1841.—The Treasurer's per cent. for collecting under the "new" or present Revenue Law, and the amount which would have been paid for collection under the "old" or former Revenue Law—with a column showing the saving by the new law.—Also, a column showing the loss by the new mode of collection.

County.	Amount of State Tax assessed for 1841.	Amount of County and Road Tax assessed for 1841.	Total amount of Taxes assessed for 1841.	Deduction of ten per cent. for supposed delinquencies.	Total amount of assessments after deductions of delinquencies.	Treasurer's per cent. for collecting under laws of 1841.	Treas. 9 per cent. by present law for County Tax.	Treas. 6 per cent. by former law, for County Tax.	Total amount of per cent. to Collect under old law.	Difference or saving by new Law.	Differences or loss by new law.	REMARKS.
1 Allen	\$6,148 70	\$7,383 76	\$13,532 46	\$1,353 24	\$12,179 22	\$111 37	\$139 15	\$89 76	\$897 91	\$887 54	21 36	
2 Adams	779 05	833 06	1,612 11	161 21	1,450 90	111 00	77 04	54 96	122 06	121 06	1 00	
3 Bartholomew	7,174 33	4,091 20	13,065 53	1,206 55	10,858 98	475 73	581 13	264 12	845 29	369 51		
4 Benton	3,140 71	3,56 49	6,997 20	69 72	6,27 48	50 16	37 63	19 26	46 89		\$3 27	
5 Brown	5,221 65	3,727 98	8,949 63	894 95	8,054 63	351 15	401 20	201 36	624 36	232 71		
6 Brown	577 35	670 20	1,247 55	124 75	1,122 80	80 61	46 80	36 18	82 36			
7 Blackford	399 53	619 01	1,017 54	101 73	915 61	73 20	32 31	33 48	65 79		7 41	
8 Clark	8,239 16	3,559 96	11,813 72	1,181 37	10,632 35	463 26	666 54	193 62	960 16	391 20		
9 Clay	1,928 66	3,430 02	5,358 68	535 86	4,822 82	292 56	136 11	154 66	340 92	40 46		
10 Crawford												No assessment for 1841.
11 Carroll	5,999 76	3,777 68	9,777 45	977 74	8,799 71	413 97	486 00	144 00	630 00	216 03		
12 Cass	4,431 41	4,504 08	8,935 49	893 54	7,741 39	312 11	339 24	247 56	573 45	191 00		
13 Clinton	5,114 58	3,233 73	8,348 31	834 83	7,513 48	385 14	411 27	174 66	526 93	212 00		
14 Dearborn	15,421 99	9,322 58	24,744 57	2,474 45	22,269 99	818 10	1,249 20	503 40	1,752 60	554 50		
15 Decatur	6,694 91	3,237 93	11,023 84	1,102 38	9,920 56	442 63	704 34	125 76	820 10	387 47		
16 Davies	4,064 01	3,429 01	7,493 02	749 30	6,743 72	337 32	329 22	185 26	514 14	162 12		
17 Dubois	1,514 83	1,449 82	2,964 65	296 46	2,668 19	126 76	78 30	301 06				
18 Delaware	4,529 67	4,425 32	8,954 99	895 49	8,059 50	391 00	366 93	238 98	605 91	214 11		
19 De Kalb	676 00	1,661 85	2,337 85	233 76	2,104 09	156 42	50 08	69 76	114 84		11 38	
20 Elkhart	8,917 76	4,552 29	13,470 05	1,347 00	12,123 05	373 28	517 43	233 02	552 43	179 16		
21 Fayette	10,462 24	4,253 90	14,696 62	1,469 86	13,226 76	616 46	726 13	326 73	1,076 34	422 13		
22 Floyd	9,430 32	4,552 17	14,082 49	1,408 24	12,674 25	530 23	771 93	340 42	1,012 35	482 13		
23 Franklin	11,043 43	4,623 81	16,447 24	1,644 73	14,802 52	594 00	957 69	249 72	1,207 41	613 32		
24 Fountain	9,296 76	4,573 46	14,160 14	1,416 01	12,744 13	532 32	782 31	263 16	1,045 47	493 15		
25 Fulton	905 78	1,123 93	2,030 71	203 07	1,827 64	137 06	73 44	60 78	134 22		5 74	
26 Gibson	6,109 67	3,577 64	9,727 31	972 33	8,754 98	412 53	497 34	133 26	690 60	278 07		
27 Green	3,431 03	1,453 42	4,884 45	388 35	4,496 10	233 50	194 58	78 48	273 06	39 56		
28 Gratiot	2,930 10	2,537 31	5,467 41	546 72	5,010 12	304 34	215 30	157 10	462 53	212 75		
29 Hamilton	6,239 35	3,555 23	9,833 58	983 35	8,850 23	415 50	510 21	190 29	701 12	253 63		
30 Harrison	6,073 46	3,808 34	9,881 80	988 18	8,893 62	416 79	491 94	133 26	697 62	230 83		
31 Hendricks	7,736 45	3,797 40	11,533 85	1,153 38	10,380 50	461 43	626 07	208 08	834 74	370 32		
32 Henry	11,072 12	4,607 05	15,679 17	1,567 91	14,115 26	574 95	896 83	248 62	1,145 67	570 43		
33 Hancock	4,713 78	2,962 60	7,676 38	767 63	6,908 75	337 61	381 67	161 10	542 87	185 16		
34 Huntington	1,635 40	2,666 30	4,301 70	430 47	3,871 23	244 96	132 75	72 96	276 75	31 79		
35 Jackson	4,312 54	4,382 53	8,695 07	869 50	7,825 57	406 41	397 86	247 50	645 40	239 07		
36 Jefferson	7,600 76	4,572 91	12,173 67	1,217 36	10,956 31	538 49	1,038 49	365 92	1,404 41	578 45		
37 Jennings	4,618 53	2,773 49	7,392 02	739 50	6,652 52	349 62	374 22	149 76	523 92	174 36		
38 Johnson	7,087 84	2,217 71	9,305 55	930 55	8,375 00	401 25	574 20	119 82	694 02	292 77		
39 Jasper	258 44	651 14	910 59	91 59	821 34	63 68	20 97	33 31	56 31		9 57	
40 Jay	1,744 29	2,409 39	4,153 68	415 36	3,738 32	184 88	294 20	124 26	508 14	184 11		
41 Knox	8,240 22	4,273 00	12,513 22	1,251 32	11,261 90	506 76	724 14	283 96	954 90	448 14		
42 Kosciusko	2,516 83	2,079 80	4,596 71	459 67	4,137 04	265 48	203 94	112 10	316 26	50 76		
43 Lawrence	7,773 06	2,927 45	10,700 51	1,070 05	9,630 46	483 00	629 64	158 12	787 74	348 81		
44 Leavenworth	4,501 64	2,073 49	6,575 13	657 51	5,917 62	295 11	426 10	155 46	751 57	264 34		
45 Leavitt	4,400 84	1,449 17	5,850 01	585 00	5,265 01	262 51	424 51	184 47	709 37	285 06		
46 Lake	843 16	1,479 54	2,322 70	232 27	2,090 43	137 40	44 01	79 92	123 93		13 47	
47 Madison	3,501 36	6,339 43	11,401 79	1,144 08	10,257 71	459 91	742 36	301 74	763 65	211 74		
48 Marion	11,022 57	5,519 93	16,542 50	1,654 25	14,888 25	737 13	1,043 19	450 67	1,693 81	1,030 86		\$191 36 Rail Road tax, included in total amount.
49 Martin	1,239 65	1,406 96	2,646 61	264 66	2,381 95	122 64	100 44	78 18	180 82	3 54		
50 Monroe	6,394 44	3,079 95	9,474 39	947 44	8,526 96	405 81	517 93	234 22	684 27	378 46		
51 Montgomery	12,233 32	4,284 82	16,518 10	1,651 82	14,866 38	595 88	990 90	231 12	1,221 32	628 22		
52 Morgan	8,283 76	2,549 93	10,833 69	1,083 35	9,750 33	471 04	637 70	268 74	908 74	366 25		
53 Marshall	1,093 26	2,689 97	3,683 25	368 25	3,314 99	224 00	88 63	138 73	227 43	2 63		
54 Miami												No assessment for 1841.
55 Miami	979 09	1,343 56	2,322 65	232 50	2,090 25	155 40	78 26		151 86	226 23		
56 Monroe	4,001 26	2,443 92	6,445 18	644 58	5,799 46	274 05	465 30	132 00	597 30	236 22		
57 Owen	3,717 19	1,902 72	5,619 91	561 99	5,057 92	300 90	301 14	100 24	408 24	104 34		
58 Parker	9,131 47	2,692 53	11,823 99	1,182 37	10,641 35	473 63	739 26	156 18	895 41	420 81		
59 Perry	5,567 70	2,101 35	7,669 05	766 90	6,902 15	363 10	510 51	113 46	764 84	323 97		
60 Pike	1,063 42	1,458 88	2,522 30	252 30	2,269 99	114 08	189 03	78 84	237 87	23 82		
61 Posey	5,390 16	3,132 58	8,522 74	852 24	7,670 50	301 72	426 78	198 90	995 98	214 26		
62 Putnam	10,209 94	3,865 36	14,075 30	1,407 53	12,667 77	530 04	837 01	308 74	1,035 74	505 71		
63 Porter	1,935 56	2,104 33	4,039 89	403 98	3,635 91	212 70	138 46	113 64	272 15		4 67	
64 Putnam	3,400 78	1,480 02	4,880 80	488 07	4,392 73	217 77	127 77	16 20	29 97			
65 Randolph	4,607 55	3,467 01	8,074 56	807 53	7,267 03	368 04	373 32	187 32	560 64	192 60		
66 Ripley	5,129 51	3,213 47	8,343 01	834 30	7,508 71	375 21	415 53	173 52	629 03	215 81		
67 Rush	14,047 04	4,756 90	18,803 93	1,880 39	17,223 55	666 63	1,166 38	255 84	1,422 06	705 43		
68 Scott	3,296 36	2,396 38	5,692 74	569 26	5,123 48	258 25	163 17	129 54	392 71	34 16		
69 Shelby	7,533 73	3,377 25	10,911 49	1,091 14	9,820 35	344 00	610 20	182 46	792 66	448 06		
70 Spencer	2,826 90	2,298 39	5,125 29	512 52	4,612 77	289 64	327 13	124 14	381 29	61 29		
71 Sullivan	3,619 15	1,565 92	5,185 07	518 50	4,666 57	300 81	293 92	106 20	399 59	86 61		
72 Switzerland	2,919 88	1,223 73	4,143 61	414 37	3,729 24	367 05	414 72	157 68	572 40	205 35		
73 St. Joseph	6,000 78	7,265 61	13,275 39	1,327 53	11,947 82	500 44	486 81	392 40	879 21	370 77		
74 Steuben	872 16	1,134 96	2,107 12	210 71	1,896 41	142 72	78 75	61 32	140 07		2 65	
75 Tennessee	13,238 87	10,308 58	23,547 45	2,354 74	21,192 71	739 57	1,048 46	561 60	1,620 05	830 53		
76 Union	1,484 16	1,406 26	2,890 42	289 04	2,601 38	127 01	430 75	104 58	525 33	146 82		
77 Vanderburgh												No assessment for 1841.
78 Vermillion	5,263 31	3,328 46	8,591 77	859 37	7,732 40	382 08	436 51	179 76	606 57	250 22		
79 Warren	12,316 21	4,620 54	17,036 75	1,703 75	15,333 00	609 96	987 56	254 94	1,242 50	642 14		
80 Warrick	2,401 26	2,177 99	4,579 25	457 91	4,121 34	268 08	301 78	117 66	319 44	51 36		
81 Washington	9,897 08	5,206 28	15,103 36	1,510 38	13,592 98	557 79	801 72	281 16	1,082 81	416 17		
82 Wayne	4,654 82	5,154 51	9,809 33	980 93	8,828 40	361 62	370 96	235 92	606 90	245 28		
83 Warrick	19,000 07	3,237 17	22,237 24	2,223 74	20,013 50	781 29	1,092 16	275 40	1,050 66		3 40	
84 White	1,311 12	1,223 73	2,534 85	253 46	2,281 39	166 86	106 20	66 06	172 36			
85 Watahah	3,505 71	3,600 40	7,106 11	710 61	6,395 50	323 65	293 93	162 00	495 58		1 93	
86 Wells	1,033 97	2,179 84	3,213 81	321 58	2,892 23	137 72	83 97	37 32	201 69		2 16	
87 Wells	781 48	630 38	1,412 86	141 28	1,271							

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The per cent. deducted for *supposed* delinquencies, is at a ratio, nearly double the delinquencies of last year. At the same rate of taxation last year, the delinquencies would have amounted to \$40,000. Should the delinquencies not be greater, in proportion, than last year, then the saving in the per cent. for collection alone, will be near \$25,000. But this is but one of the many advantages, of the present system, over that of the old. It will not only cost less, annually, but will insure the business of the country being done much more correctly. Books have been opened in all the counties, by the County Auditor, and Treasurer, agreeably to the forms prescribed by this office. This, in most of the counties, has never before been done. By means of these books, a correct system of checks is instituted, which will insure the correct discharge of duty, or the means of ascertaining the delinquency.

There is one part of the present system so imperfectly understood, that I will be excused for adverting to it with some particularity; I mean the act under which an appraisement of the real estate was made for the first time, during the present year. The object of that act is to have a more careful and particular valuation, than has annually been given by assessors to real estate. This valuation to be made by civil townships, by a discreet person in each county. When so made, the Board of Commissioners with the County Auditor and Appraiser are made a county Board of equalization. This latter feature of the present law has been in force in this State in substance, since 1836, and so far as I am advised all have assented to the correctness of the provision. Its object is to protect individuals from unjust, or onerous assessment, on the one hand, and to prevent favoritism by the appraiser on the other, and as with individuals so of the different townships. So that after the equalization, not only is each individual's property valued alike, but each township is likewise corrected by each other. Under the old law the equalization stopped here, and every year the county was at the expense of a re-valuation of all the real estate and at the trouble of a new equalization. By the new law this appraisement is made with more than usual care and circumspection, care is taken by marking maps to see that all the lands are appraised, and after the appraisement of a county is equalized by the county Board of equalization, the whole is returned to a State Board of equalization. The object of this board is *not* to increase the aggregate valuation of the State, but to distribute that valuation fairly between the different counties. As the county Board, who are representatives of districts or townships, see that justice is done to their respective districts or townships, as well as all the districts of the county, so the State Board, each one of whom is the representative of a district, see that no injustice is done to the particular district represented by him, nor to any of the other districts in the State. I have said that the object is not to *increase* the aggregate valuation of the State. Why should they? If the State has a certain amount of revenue to raise from her citizens, it matters not whether the aggregate valuation be 50, or one hundred millions of dollars. If it be 50, the

per cent. to be levied, will be *double* what it would be, if the valuation were one hundred millions. But suppose the valuation of the State as made by the appraisers should be *increased*, and this increase is equalized throughout the State, say increased from fifty to seventy-five millions of dollars, it would still make no difference in the amount to be paid by each tax-payer. If a tax of fifty cents on the \$100 would be required to meet the wants of the State, where the valuation was put at \$50,000,000 it is evident that 33 $\frac{1}{3}$ cents on each \$100 where the valuation is fixed at \$75,000,000 would produce to the State the same amount of revenue. Then it must be obvious to all, that the object of the Legislature in passing the law, could neither have been to divest themselves as the people's Representatives of the power of taxing, nor to increase indirectly the taxes of the people by increasing the value of the property. To suppose a State Board would act corruptly in fixing its valuations, would be to say the least of it, as improbable, as to suppose that a county board and appraiser of a county, where a particular tax to be levied by the State is obnoxious to the great majority of that county would fix low valuations, in order that the amount of taxes at the per cent. fixed by the State would be proportionally small in that county. Again the Report of the State Board of equalization will be made to the Legislature, who will have the power to correct it, amend it, or declare it null and void. So that in every possible aspect which a candid mind will view this law, it will be found to be not only unobjectionable but loudly called for. To show you that it has been called for I need only to refer you to my reports for 1838 to 1841 inclusive. In tabular statements prepared for that purpose, it will be seen that adjoining counties similarly situated as to soil and other advantages, are valued by their respective officers at widely different values. That the same county will be valued one year at \$6. per acre and the next perhaps at not more than three.

Without this law, is it not possible—nay is it not already the case, that counties jealous of the advantages of others, seek to throw the burthens as much as possible upon those counties thus supposed to be favored? Should this disposition to under value on the part of counties, increase as it has for the few years past, the Legislature can never tell the amount to be realized by laying a given per cent; for a county which this year was valued at 3,000,000, may next year be valued at 1,500,000.

This to those counties where fair and uniform valuations have obtained would be manifestly unjust. Then to prevent even the temptation of thus over reaching each other, the existence of such a board is called for. The saving to each county in fees of assessors will be found to be no small amount. The uniformity it insures for several years in succession, is another desirable object. In short it has been successfully tried by other States, similarly situated with Indiana, as to objects of taxation, and is by them, as it will be in time by our people, viewed as indispensable to the levying an *advalorem* tax.

It will be necessary to alter the time fixed by the present law, when a Treasurer may coerce for taxes. As the law now is, he cannot dis-

train until the 25th December. This leaves him less than a month to enforce the collections of the portion of the taxes not paid at his office, to make out his delinquencies, to settle with the county Auditor and to settle with the State treasurer. It is no doubt a misprint. It was intended to be October instead of December.

In order to complete the system of county business introduced in the revenue laws of last session, allow me to suggest, that a more perfect organization of the civil townships is necessary. They should elect their own trustees, treasurer and clerk. They should determine in each the amount of township taxes to be laid by the county board, and the objects, whether *school*, *road* or other. And the amount so agreed upon by each township should be levied by the county board. The funds of every description belonging to the county should be paid into the county treasury and disbursed under the control of the county board, upon the order of the county auditor drawn on the county treasurer. This would supersede the necessity of school commissioners, road commissioners, 3 per cent. agents, and agents for loaning surplus revenue. It would insure the safety of the funds, by keeping constantly before the county board the state of the accounts as to the receipts and disbursements of these funds. The amount already lost to the counties through surplus revenue agents, and 3 per cent. fund, road commissioners is very great. The amount lost by the present method of managing school funds is, it is feared, judging from the results of other funds somewhat similarly situated, considerable. Besides the advantage of additional safety that of economy to the counties would be consulted in the proposed change. The per cent. for disbursing through the county treasury would be small compared to the fees now paid for the management of those funds.

The net amount of State Revenue will probably be about \$400,000.

The ordinary expenses of the State will not it is probable exceed \$92,750. This would leave about \$307,250 of the Revenue of 1841, to be applied to the interest on our State debt.

But should this be paid in treasury notes, as it is probable, there will be nothing to apply to our State debts, or meet the ordinary expenses during the coming year.

No. 1. GENERAL REVENUE.

The amount of revenue remaining in the Treasury, provided all warrants audited up to 31st October 1840, were paid,	\$9,221 23
The amount of revenue collected and paid by Collectors the year ending October 31, 1840,	166,802 90
The amount of arrears of taxes for 1837,	10 00
The amount of arrears of taxes for 1838,	55 95
The amount of arrears of taxes for 1839,	1,213 39
The amount of Revenue advanced for 1841,	318 70
The amount paid by purchasers of lots in Indianapolis,	3,609 93

The amount paid by administrators of estates, without known heirs, - - - -	258 19
The amount paid for sale of public property, and receipts of perquisites of Secretary's Office (inci. rcpts.)	97 78
The amount refunded by borrowers of General Revenue, as Treasury loans refunded, - -	1,152 31
The amount paid by borrowers of General Revenue, (Treasury loans,) as interest on said loans, -	368 60
The amount paid by purchasers of mortgaged lands, sold for loans of General Revenue, (Treasury loans,)	3,710 75
The amount paid by Commissioners of University townships of Gibson and Monroe, - -	2,894 89
The amount refunded by borrowers of University fund, - - - - -	4,055 04
The amount paid by borrowers of University fund as interest on loans, - - - -	4,665 59
The amount paid by purchasers of mortgaged lands sold for loans of University fund, - -	1,044 09
The amount paid by Commissioners of Saline Lands,	1,235 15
The amount paid by borrowers of Saline fund as loans refunded, - - - - -	1,295 00
The amount of interest paid by borrowers for loans of Saline fund, - - - - -	2,244 47
The amount of sales of mortgaged lands for Saline funds loaned, - - - - -	826 16
The amount of interest paid by borrowers of Indianapolis fund, for loans, - - - -	39 14
The amount paid by Common School Fund, derived from Bank dividends, - - - -	27,061 51
The amount paid to Fund Commissioners in issue of Treasury notes, - - - -	164,000 00
The amount paid on account of Internal Improvements, - - - - -	54,956 45
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	\$451,637 22

GENERAL DISBURSEMENTS.

By audited warrants drawn on the treasury, from the 31st of October 1840, to 31st of October 1841,	421,874 15
By warrants No. 4087, \$7,86. No. \$2,00 and No. \$2,00 outstanding, on 31st October 1841.	11 86
	<hr/>
	421,862 29
Balance remaining in the treasury, October 31st 1841, - - - - -	<hr/> <hr/>
	\$29,774 93

ITEMS OF EXPENDITURE.

Revenue for 1838, refunded to Collectors,	-	-	\$19 31
Revenue for 1839, refunded to Collectors,	-	-	237 03
Revenue for 1840, refunded to Collectors,	-	-	432 90
Public Printing, and distributing laws,	-	-	11,574 56
Stationery for State,	-	-	1,301 72
Indiana Legislature,	-	-	38,092 59
Salaries of Executive officers,	-	-	3,559 55
Salaries of Prosecuting Attorneys,	-	-	1,632 91
Supreme and Circuit Judges,	-	-	15,432 88
Probate Judges,	-	-	3,939 00
Adjutant and Quarter-master Generals,	-	-	150 00
Expenses and repairs of State House,	-	-	2,378 01
State Library,	-	-	562 07
Indiana State Prison,	-	-	1,655 23
Specific Appropriations,	-	-	8,528 03
Contingent fund for Governor,	-	-	823 61
Wolf-scalp Certificates,	-	-	10 00
Electors and Marshalls, &c. of Presidential Election,	-	-	659 40
Seat of Government,	-	-	200 29
Militia fines distributed,	-	-	7 00
Expenses of Saline fund,	-	-	382 84
Loans of Saline fund,	-	-	1,675 00
Mortgaged lands to Saline fund, unsold for want of bidders,	-	-	579 41
Loans of funds of State University,	-	-	1,250 00
Expenses of University,	-	-	5,146 90
Mortgaged lands to University fund, unsold for want of bidders,	-	-	1,095 84
Mortgaged lands to Treasury fund, unsold for want of bidders,	-	-	3,245 65
School money refunded,	-	-	118 75
Internal Improvements,	-	-	165,079 83
Treasury notes paid to Commissioners,	-	-	152,103 84

Total, audited within the year ending Oct. 31, 1841. \$421,874 15

From the foregoing statements it would seem that the balance in the Treasury, at the close of the financial year, 1841, is \$29,774 93

But this balance is subject to the following reductions—the amounts having been all carried to the credit of General Revenue account.

Balance of University fund,	\$6,418 48
Balance of Saline fund,	4,924 20
Balance of fund of Estates, without heirs,	1,402 39
Balance of County Seminary fund,	494 40

Common School fund, derived from Bank dividends, - - -	9,463 50	
Outstanding claims for salaries, not presented for payment, but due October 31, 1841, - - -	12,000 00	34,702 97

Balance against the Treasury,		\$4,928 04
The <i>ordinary</i> expenditures have been gradually diminishing since 1839, as will be seen by the following comparison, viz:		
For the year ending 31st October 1839.—Expenditures, - - -		\$93,845 97
For the year ending 31st October 1840.—Expenditures, - - -		93,427 91
For the year ending 31st October 1841.—Expenditures, - - -		90,499 85

UNEXPENDED BALANCES OF APPROPRIATIONS FOR THE YEAR 1841.

Executive Officers, - - -	2,440 45
Supreme and Circuit Judges, - - -	2,567 12
Probate Judges, - - -	61 00
Specific appropriation, - - -	648 36
	<u>\$5,716 93</u>

APPROPRIATIONS OVERDRAWN.

Public Printing, - - -	1,574 56
Indiana Legislature, - - -	1,092 59
State House, - - -	1,378 01
State Library, - - -	162 07
	<u>\$4,207 23</u>

APPROPRIATIONS FOR ORDINARY EXPENSES OF 1842.

There will be needed for the *ordinary* expenditures of 1842, as follows, viz:

Public Printing, - - -	\$11,000
For distributing Laws and Journals, - - -	700
For Stationery for General Assembly, Public Offices, and printing, - - -	3,000
For General Assembly, - - -	38,000
For Executive Officers, - - -	6,100
For Prosecuting Attorneys, - - -	1,700
For Supreme and Circuit Judges, - - -	15,500
For Probate Judges, - - -	4,000

For Adjutant and Quarter-master Generals, -	150
For expenses of State House, - - -	3,000
For annual appropriations to State Library, including Librarian's Salary, - - - -	700
For transporting convicts to State Prison, - -	1,800
For specific appropriations, - - - -	6,000
For Presidential election of 1840, - - -	100
For contingent expenses of Governor, - -	1,000
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	\$92,750

STATE PRISON.

Statement showing the amount received, and amount expended on account of the State Prison, from its erection in 1821, to close of 1841.

Cost of buildings up to Nov. 1st, 1840, -	\$30,589 66
Paid Agents salary, to " " - -	1,971 00
Paid annual visitors to " " - -	350 00
Paid for transporting convicts to Nov. 1st, 1840,	14,298 85
	<hr/>
	\$47,209 51

Balance due late contractors Patterson & Hensley, not yet settled, estimated at - - -	3,000 00
Paid for transporting convicts for 1841, - - -	1,655 23
	<hr/>
Total expense up to Nov. 1st, 1841, - - -	31,864 74
Received for rents during same period, - - -	21,725 00
	<hr/>

Balance due from State Prison to general fund,	\$10,139 74
--	-------------

The Report of the present Superintendants is not due by law, until the 1st of December next. Consequently, no report has been made to this office, by the Clerk of the Prison, appointed under the act of the last General Assembly.

FUND DERIVED FROM ESTATES WITHOUT HEIRS.

Amount paid into the State Treasury, by administrators of estates without known heirs, up to Nov. 1st, 1841, - - - - -	\$2,812 61
Amount refunded to heirs, - - - - -	1,410 22
	<hr/>
Balance in the Treasury, - - - - -	\$1,402 39

TREASURY LOAN.

Statement of the loans of the General Revenue, made at the Treasury in 1839, with the amount refunded, and balance yet due from borrowers.

1839.—Amount loaned,	-	-	-	29,167 00
“ “ refunded by borrowers,	-	-	-	250
Balance outstanding in 1839,	-	-	-	\$28,917 00
1840.—Amount of lands sold on credit,	-	-	-	3,696 06
				<hr/>
				\$32,613 06
1840.—Amount refunded by borrowers,	-	-	-	\$18,493 94
“ Amount refunded by sales of land,	-	-	-	6,932 83
				<hr/>
Balance outstanding at close of 1840,				7,186 29
1841.—Amount of mortgaged lands sold on credit,				3,245 65
				<hr/>
				10,431 94
1841.—Amount refunded by borrowers,	\$782	31		
“ “ “ by sale of land,	3,710	75		4,493 06
				<hr/>
Balance outstanding at close of 1841,				\$5,938 88

This fund is a part of the General Revenue. Was loaned under an act of 1839, for one year only. But owing to the property mortgaged, not selling for ready cash, there remains yet on hand, this amount not refunded to the Treasury. It is therefore part of the means of the Treasury when realized.

LOANS OF INDIANAPOLIS FUND.

Statement, showing the amount loaned, and amount refunded, and amount yet unpaid, of loans from the Treasury of the funds derived from sales of lots in Indianapolis, under an act of General Assembly of 1833.

1833.—Amount loaned,	-	-	-	\$17,396 00
“ “ refunded by borrowers,	-	-	-	950 00
Outstanding at close of 1833,	-	-	-	\$16,446 00
1834.—Amount loaned,	-	-	-	5,793 66
				<hr/>
				\$22,239 66
1834.—Amount refunded by borrowers,	-	-	-	6,541 90
				<hr/>
Balance outstanding at close of 1834,	-	-	-	\$15,699 76
1835.—Amount loaned,	-	-	-	2,908 35
				<hr/>
				\$17,789 41

Amount brought forward, - -	\$17,739 41
1835.—Amount refunded by borrowers, - -	16,657 51
Balance outstanding at close of 1835, -	\$1,131 90
1836.—Amount refunded by borrowers, - -	1,041 62
Balance outstanding at close of 1841, -	\$90 28
This balance is due to the General Revenue account, and will be so credited when paid.	

UNIVERSITY FUND.

Statement showing the amount loaned, and amount refunded each year, with the balance of outstanding loans, from the first organization of the "Loan Office," to 31st October 1841.

1828.—Loans, - - - - -	\$16,790 00
Refunded none, . - - - -	
	<hr/>
	\$16,790 00
1829.—Loans, - - - - -	7,070 00
	<hr/>
	\$23,860 00
Refunded by borrowers, - -	\$496 84
From sales of mortgaged lands, -	271 50
	<hr/>
	23,091 69
1830.—Loans, - - - - -	5,928 00
	<hr/>
	\$29,019 69
Refunded by borrowers, - -	\$1,290 16
Sales of mortgaged lands, -	405 00
	<hr/>
	\$27,324 53
1831.—Loans, - - - - -	5,503 00
	<hr/>
	\$32,827 53
Refunded by borrowers, - -	\$2,155 00
Sales of mortgaged lands, - -	615 70
	<hr/>
	2,770 70
	<hr/>
	\$30,056 83
1832.—Loans, - - - - -	7,177 50
	<hr/>
	\$37,234 33
Refunded by borrowers, - -	2,660 00
	<hr/>
	\$34,574 33
1833.—Loans, - - - - -	8,675 50
	<hr/>
	\$43,249 83

Amount brought forward	-	-	\$43,249 83
Refunded by borrowers,	-	\$10,685 38	
Refunded by sales,	-	122 00	10,807 38
			<hr/>
1834.—Loans,	-	-	\$32,442 45
			8,772 25
			<hr/>
			\$41,214 70
Refunded by borrowers,	-	\$5,838 25	
Refunded by sales,	-	772 94	6,611 19
			<hr/>
Loans outstanding in 1834,			\$34,603 51
1835.—Loans,	-	-	10,205 00
			<hr/>
			\$44,808 51
Refunded by borrowers,	-	\$8,833 37	
Refunded by sales,	-	500 00	9,333 37
			<hr/>
1836.—Loans,	-	-	\$35,475 14
			16,392 34
			<hr/>
			\$51,867 48
Refunded by borrowers,	-	\$6,961 05	
Refunded by sales,	-	832 84	7,793 89
			<hr/>
1837.—Loans,	-	-	\$44,073 59
			10,243 50
			<hr/>
			\$54,317 09
Refunded by borrowers,	-	-	8,815 62
			<hr/>
1838.—Loans,	-	-	\$45,501 47
			14,256 00
			<hr/>
			\$59,757 47
Refunded by borrowers,	-	-	5,547 00
			<hr/>
			\$54,210 47
1839.—Loans,	-	-	11,197 50
			<hr/>
			\$65,407 97
Refunded by borrowers,	-	-	7,404 50
			<hr/>
			\$58,003 47
1840.—Loans,	-	-	2,335 00
			<hr/>
			\$60,338 47
Refunded by borrowers,	-	-	2,190 00
			<hr/>
			\$58,148 47

Amount brought forward,	-	-	\$58,148 47
1841.—Loans,	-	\$1,845 84	
Sales on credit, -	-	1,095 84	2,941 68
			<hr/>
			\$61,090 15
Refunded by borrowers,	-	\$2,546 81	
Refunded by sale, -	-	1,044 09	3,590 90
			<hr/>
The amount of outstanding loans at expiration of			
Treasurer Palmer's term, Feb. 10, 1841.			
1841.—From Feb. 8, to Nov. 1.—Loans,			\$57,499 25
			500 00
			<hr/>
			\$57,999 25
Refunded by borrowers, -	-	-	765 00
			<hr/>
Total amount of funds loaned and at interest,			\$57,234 25
To which should be added, cash in Treasury, belonging			
to said fund, as per report of Superintendent of Loan			
Office, up to Oct. 31st, 1841, -	-	-	6,418 48
			<hr/>
Making total of loans, and cash on hand, -	-	-	\$63,652 73

As to the quantity of land yet unsold in either of the Townships, (Gibson or Monroe,) or the amount yet owing, either principal or interest by the purchasers of those lands, I am unable to state. No such information, it is believed, could be afforded by either of the public offices.

I would respectfully suggest, in relation to this, and the Saline Fund, that an examination be made of the Commissioners Offices, from the first sales, and that proper books and maps be made out for this office, the Loan Office, and the Commissioners of the townships. Also, a report to the Superintendent of all the receipts and disbursements by the respective Commissioners, to be laid before the General Assembly.

From an examination last year, of the sales of Canal and Michigan Road Lands, it appeared that many errors had been made in Patenting those lands to purchasers.

May we not infer then, that during the long period that the University lands have been in market, and the many changes made in the officers having charge of them, that like errors, upon a similar examination will be found, to have been made, both in the sales, and the Patents to purchasers.

SALINE FUND.

Statement showing the amount loaned, and amount refunded each year, with the balance of outstanding loans, from the first loans up to Oct. 31st, 1841.

1834.—Loans,	-	-	-	-	-	\$2,650 00
Refunded by borrowers,	-	-	-	-	-	250 00
						<hr/>
Outstanding at close of 1834,	-	-	-	-	-	\$2,400 00
1835.—Loans,	-	-	-	-	-	5,457 50
						<hr/>
Deduct amount refunded by borrowers,	-	-	-	-	-	\$7,857 50
						500 00
						<hr/>
Outstanding at close of 1835,	-	-	-	-	-	\$8,357 50
1836.—Loans,	-	-	-	-	-	6,425 00
						<hr/>
Deduct amount refunded by borrowers,	-	-	-	-	-	\$14,782 50
						510 00
						<hr/>
Outstanding at close of 1836,	-	-	-	-	-	\$14,272 50
1837.—Loans,	-	-	-	-	-	6,140 00
						<hr/>
Deduct amount refunded by borrowers,	-	-	-	-	-	\$20,412 50
						1,720 00
						<hr/>
Outstanding at close of 1837,	-	-	-	-	-	\$18,692 50
1838.—Loans,	-	-	-	-	-	6,715 00
						<hr/>
Deduct amount refunded by borrowers,	-	-	-	-	-	\$25,407 50
						1,300 00
						<hr/>
Outstanding at close of 1838,	-	-	-	-	-	\$24,107 50
1839.—Loans,	-	-	-	-	-	3,200 00
						<hr/>
Deduct amount refunded by borrowers,	-	-	-	-	-	\$27,307 50
						330 00
						<hr/>
Outstanding at close of 1839,	-	-	-	-	-	\$26,977 50
1840.—Loans,	-	-	-	-	-	2,550 00
						<hr/>
Deduct amount refunded by borrowers,	-	-	-	-	-	\$29,527 50
						<hr/>
Outstanding at close of 1840,	-	-	-	-	-	\$29,527 50
1841.—Loans to Feb. 8,	-	-	-	\$1,500	-	
Sales on credit, Feb. 8,	-	-	-	579 41	-	2,079 41
						<hr/>
						\$31,606 91
						<hr/>
Deduct amount refunded by bor-	-	-	-	-	-	
rowers to Feb. 8th,	-	-	-	530 00	-	
Deduct amount refunded by sales	-	-	-	-	-	
of land, Feb. 8th,	-	-	-	826 16	-	1,356 16
						<hr/>

Outstanding on Feb. 8th, 1841, expiration of Mr. Palmer's term, as Superintendent,	\$20,250 75
Loans from Feb. 10th, to Oct. 31st, 1841,	175 00
	<u>\$20,425 75</u>
Deduct, refunded by borrowers from Feb. 8th, to Oct. 31st, 1841, - -	765 00
	<u></u>
Total outstanding loans on 31st Oct. 1841,	\$29,660. 75
Add to this cash in Treasury, -	4,924 20
	<u>\$34 584 95</u>
<hr/>	
The amount of interest received on loans of Saline Fund, from 1834, to Oct. 31st, 1841, is - -	\$12,438 66
	<u></u>
The expenses paid for receiving and disbursing in the same period, amount to, - - -	1,328 32
	<u></u>
The amount of interest derived from loans of Univer- sity Fund, from 1828, the date of first loans, to Oct. 31st, 1841, is - - - - -	39,592 67
	<u></u>
The amount of interest of both funds up to this period, is	40,920 99
	<u></u>
The amount of expenses of University fund including, the pay of Professors, up to this time, is -	39,573. 78
	<u></u>
The loans outstanding, and cash on hand, of the two funds, may be stated thus, University, fund, -	63,652 73
Saline fund, - - - - -	34,584 95
	<u>\$98,237 68</u>

You are aware that these two funds appear on my books, from the reports of the Treasurer, made to this office at the end of the year, or at each settlement. These reports he makes from custom, and not because he is directed by law; consequently, this office does not afford any check in relation to these, and other trust funds. This subject was named by the Treasurer and myself last session, to the appropriate committees, but as yet, nothing has been done by way of remedy. In connection with this subject, I would suggest that provisions be made, by which in future, the Professors, and other Officers of the State University, be paid directly at the Treasury, as other State Officers. The present practice is to draw from the State Treasury in large drafts; this amount is then placed in the Treasury of the Board of Trustees, and by the Treasurer of the Board, paid to the respective officers.

COUNTY SEMINARY FUND.

Derived from Militia fines, paid by those conscientiously scrupulous of bearing arms.

Amount of funds paid in Treasury, by the pay masters of the respective Regiments, from 1825 to 1841,	-	-	\$634 65
Amount paid Seminary Trustees, of counties, within same periods,	-	-	140 25

Balance in Treasury, subject to distribution	-	\$494 40
--	---	----------

Each County Seminary not yet drawn, will be entitled to seven dollars, as its share of this fund.

COMMON SCHOOL FUND, DERIVED FROM BANK DIVIDENDS.

By this amount paid into the State Treasury, by Sinking Fund Commissioners, as a *loan* to General Revenue Fund, at six per cent. per annum, as per act of last session of General Assembly, chapter 121,

\$27,061 51

This fund is derived from dividends on Bank stock and interest on mortgages, remaining after the payment of the interest on bonds sold; and which, by the 114th section of the Bank charter, is set apart for the benefit of common schools.

This payment into the Treasury by the Sinking Fund Commissioners, is made in pursuance of said act.

INTERNAL IMPROVEMENT FUND, DERIVED FROM INTEREST ON THIRD
INSTALMENT OF SURPLUS REVENUE.

This amount paid into the State Treasury, by Sinking Fund Commissioners, in accordance with act of last General Assembly—chapter 127,

\$9,463 50

Deduct the amount expended during the year,	-	9,463 50
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The foregoing fund is applicable only to Internal Improvements. It is derived from interest on mortgages of the part of the third instalment of Surplus Revenue loaned out and not yet converted into Bank stock, under the act on the subject of the Surplus Revenue, approved Feb. 6, 1837. Heretofore it has been paid to Fund Commissioners, but by an act, approved Jan. 29, 1841, chapter 127, it is now paid into State Treasury. A portion of this year's dividend was paid by the respective branches to the Fund Commissioner, under the former arrangement. The whole has been expended during the year.

TREASURY NOTES.

There has been issued under the law authorising the issue of Treasury Notes, as follows:—

In 5's and 50's, up to Nov. 1st, 1840,	-	-	\$1,289,000
From Nov. 1st, 1840, to Nov. 1st, 1841,	-	-	164,000
			<hr/>
Making total of issues up to Nov. 1st, 1841,	-	-	\$1,453,000
There was received at the Treasury for taxes of 1840,			
and burnt by State officers as directed by law, the			
sum of	-	-	147,700
			<hr/>
Leaving in circulation on 1st Nov. 1841,	-	-	\$1,314,300

The amount of interest paid at the Treasury on the notes burnt, is \$4,403 84, this is charged to account of Internal Improvements. Of the \$164,000 issued during the past year, \$83,000 have been issued in 5's, payable two years after date. These notes were issued in lieu of that amount of 50's, contemplated by the law, authorising the issuing Treasury notes, and redeemable at the same time, which by law the 50's were redeemable.

You are aware, that the reason which induced the change, (in which the officers of State, after consultation, unanimously concurred) was, that the Board of Internal Improvements could not, as they represented, procure the repairs to be made upon the public works with 50 Treasury notes, without a sacrifice to the State of at least 20 per cent. That in many instances it would be impracticable to pay laborers with 50's at all—and as a consequence, the works already finished would be ruined by neglect, or if repaired, it must be at greatly increased prices. With a view then to saving the State this heavy loss the change was made. It has injured no one. The laborer, however, on the public works, the numerous claimants for damage, and the community, have been accommodated with a currency which ordinarily could be used, without as it would otherwise have been the case, being first subjected to a *shave* of from 15 to 20 per cent. The saving to the State on the \$83,000 already issued, is at least \$16,600; and on the \$47,000 yet to be issued in order to complete the \$1,500,000 ordered by law—the saving will be at least \$9,400 more; making together a saving of \$26,000—an amount more than equal to one fifth of the annual ordinary expenses of the State. I therefore feel well assured, that this departure from the letter of the law, under the circumstances alluded to, will not only be tolerated, but approbated by the Representatives of a constituency already heavily taxed.

The accompanying Tabular Statements of receipts and expenditures have been carefully compiled from the books of the several officers having at any time charge of any of the Internal Improvement funds—and are designed to embrace *all* the receipts and expenditures from the first surveys in 1835, to the close of the financial year, Oct. 31st, 1840. The reports of the receipts and disbursements for 1841, were not made to me in time for this report, but will be made in a separate report as early as practicable.

The financial year of all the State Officers closes at the same time, Nov. 1st, of each year. In addition to the ordinary receipts and expenditures of the State, the reports of the Fund Commissioners, each member of the Board of Internal Improvements, Canal Land Office Commissioner, and Toll Collectors of the different works, have all to be made to this office, after the expiration of the 1st Nov. annually; and must necessarily be brought upon the books of this office, before the report of the Auditor can be made to the Governor as required by law. The receipts and disbursements of our public works, during the present year have been mostly under the old law. So far as I have tested the law of last session, I find it to answer all the expectations of the legislature. It must, for the future prevent all possible confusion in our public accounts, insure the accountability of each officer, and afford to the General Assembly, the means of ascertaining the true condition of our Internal Improvement funds.

The receipts for Internal Improvement purposes as will appear by reference to the foregoing table of receipts, have been derived from the following sources.

1st. From State Bonds,	- - -	\$6,101,600 00
2nd. From premiums on sale of Bonds,	- - -	31,500 00
3d. From interest paid by banks for deposits,	- - -	133,571 99
4th. From interest derived from loans of third instalment of Surplus Revenue,	- - -	127,858 76
5th. From Internal Improvement tax paid at State Treasury,	- - -	341,116 93
6th. From sales of State wagon, oxen, and house,	- - -	262 00
7th. From loans refunded by mortgagors, composing the Lawrenceburgh and Indianapolis Rail Road Company,	- - -	173 25
8th. From rents of State property in New York, taken in compromise of Cohens and Josephs,	- - -	999 00
9th. From Treasury notes,	- - -	1,148,805 31
10th. From tolls actually paid to credit of Fund Commissioners,	- - -	633 90

Making as stated in column of totals, (No. 11.) \$7,886,521 04

The expenditures incurred during the same period, as by reference to columns in tabular statement of expenditures, will appear, are as follows.

1. For construction of public works, - \$5,168,895 59

The accompanying Tabular Statements of receipts and expenditures have been carefully compiled from the books of the several officers having at any time charge of any of the Internal Improvement funds—and are designed to embrace *all* the receipts and expenditures from the first surveys in 1835, to the close of the financial year, Oct. 31s, 1840. The reports of the receipts and disbursements for 1841, were not made to me in time for this report, but will be made in a separate report as early as practicable.

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3d. From interest paid by banks for deposits,	- - -	133,571 99
4th. From interest derived from loans of third instalment of Surplus Revenue,	- - -	127,858 76
5th. From Internal Improvement tax paid at State Treasury,	- - -	341,116 93
6th. From sales of State wagon, oxen, and house,	- - -	262 00
7th. From loans refunded by mortgagors, composing the Lawrenceburgh and Indianapolis Rail Road Company,	- - -	173 25
8th. From rents of State property in New York, taken in compromise of Cohens and Josephs,	- - -	999 00
9th. From Treasury notes,	- - -	1,148,805 31
10th. From tolls actually paid to credit of Fund Commissioners,	- - -	633 90

Making as stated in column of totals, (No. 11.) \$7,886,521 04

The expenditures incurred during the same period, as by reference to columns in tabular statement of expenditures, will appear, are as follows.

1. For construction of public works, - \$5,168,895 59

Exhibiting Expenditures of Internal Improvement fund not chargeable to any particular work, to Oct. 31, 1840.

[illegible]

A TABULAR STATEMENT,

Exhibiting Expenditures on the Indianapolis Division of the Central Canal, to October 31, 1840.

Total expenditure for year ending	For coarcting Contingences of coarcting	Damages for right of way	For damages to contractors in suspending work	For land for water power	For interest on debts to contractors and others	Total for each year
Dec 1, 1835,	6,550 72					6,550 72
" " " "	9,528 00			3,624 00		13,152 00
Dec 1, 1836,	919,006 71					919,006 71
" " " "	176,954 26	3,664 69				180,618 95
Dec 1, 1838,	37,151 07	11,100 88				48,251 95
" " " "	7,267 46	1,041 19				8,308 65
Dec 1, 1839,	165,906 51		24,157 04		5,000 79	195,064 34
Oct 31, 1840,	3,724 34					3,724 34
	4,898 86					4,898 86
	4,626 68					4,626 68
	760,192 54			6,254 00		766,446 54
					2,400 79	2,400 79
						837,499 53

A TABULAR STATEMENT,

Exhibiting Expenditures on the Southern Division of the Central Canal, to Oct. 31, 1840.

Total expenditure for year ending	For construction.	Contingencies for castles and other.	Damages for right of way.	Damages to water-power.	For land for tracks and other.	Total for year.
Dec. 1, 1835.	-	5,654 31	-	-	-	5,654 31
" " " "	-	7,883 58	-	-	-	7,883 58
Dec. 1, 1836.	-	91,449 00	-	60	-	91,449 60
" " " "	-	116,406 51	-	-	-	116,406 51
Dec. 1, 1838.	-	186,741 45	-	-	-	186,741 45
" " " "	-	3,527 11	-	-	-	3,527 11
Dec. 1, 1839.	-	121,590 95	-	9,506 82	-	131,097 77
Oct. 31, 1840.	-	37,784 71	-	-	9,42 71	47,267 42
	510,259 95			9,506 82	100 00	531,746 52

A TABULAR STATEMENT,

Exhibiting Expenditures on the Erie and Michigan Canal to Oct. 31, 1810.

Total expenditure for year ending	Dec. 1, 1896.	Dec. 1, 1897.	Dec. 1, 1898.	Dec. 1, 1899.	Dec. 31, 1900.
Contingencies of repairs, etc.	3,691 77	7,073 06	6,461 94	4,184 25	11,523 35
Damage to rights at work.			4 75		36,097 36
Damage to constructions.			11,293 69		4 72
For fuel for machines and stoves.					11,580 69
For interest on indebtedness and others.					790 53
Total for each year.	3,691 77	7,073 06	17,756 69	41,059 21	97,739 68
					790 53
					16,001 54

A TABULAR STATEMENT,

Exhibiting Expenditures on the Wabash and El River Cross Cut Canal, to Oct. 31, 1840.

Total expenditure for year ending	For carriage of ton.	For contingents ton.	Damages for right of way.	Damages to contractors.	For land for water power sites.	For interest on debts to contractors and others.	Total for year.
" " Dec. 1, 1835.	-	1,316 06	-	-	-	-	1,163 06
" " Dec. 1, 1836.	-	3,148 16	-	-	-	-	8,159 46
" " Dec. 1, 1837.	-	3,318 70	-	-	-	-	15,776 62
" " Dec. 1, 1838.	-	14,670 75	-	-	-	-	63,513 49
" " Dec. 1, 1839.	-	3,545 07	4,728 03	-	-	-	105,680 12
" " Dec. 1, 1840.	-	87,890 46	-	13,458 30	1,195 75	-	310,091 34
		29,675 89	4,728 03	13,556 30	-	-	
	366,437 27	-	-	-	-	-	

A TABULAR STATEMENT,

Exhibiting Expenditures on the White Water Canal, to Oct. 31, 1840.

[illegible]

[Doc. Auditor's Report.]

[Doc. Auditor's Report.]
1840.

[Doc. Auditor's Report.]	
1840.	
of interest drafts to	Total for each
of officers,	year.
637 37	3,471 00
	6,526 32
	78,157 89
	102,893 81
	102,077 55
	71,695 09

1840.

Year	Item for purchase,	For income-taxes and exp.	Total for each year.
1976-77	1,311,000 04	4,914 75	1,315,914 79
1977-78	1,311,000 04	13,329 58	1,324,329 62
1978-79	1,311,000 04	34,608 35	1,345,608 39
1979-80	1,311,000 04	61,029 85	1,372,029 89
1980-81	1,311,000 04	106,393 54	1,417,393 58
1981-82	1,311,000 04	196,393 54	1,507,393 58
1982-83	1,311,000 04	3,449 31	1,314,449 35
1983-84	1,311,000 04	6,100 00	1,317,100 04
1984-85	1,311,000 04	1,311 00	1,312,311 04
1985-86	1,311,000 04	1,311 00	1,312,311 04
1986-87	1,311,000 04	1,311 00	1,312,311 04
1987-88	1,311,000 04	1,311 00	1,312,311 04
1988-89	1,311,000 04	1,311 00	1,312,311 04
1989-90	1,311,000 04	1,311 00	1,312,311 04
1990-91	1,311,000 04	1,311 00	1,312,311 04
1991-92	1,311,000 04	1,311 00	1,312,311 04
1992-93	1,311,000 04	1,311 00	1,312,311 04
1993-94	1,311,000 04	1,311 00	1,312,311 04
1994-95	1,311,000 04	1,311 00	1,312,311 04
1995-96	1,311,000 04	1,311 00	1,312,311 04
1996-97	1,311,000 04	1,311 00	1,312,311 04
1997-98	1,311,000 04	1,311 00	1,312,311 04
1998-99	1,311,000 04	1,311 00	1,312,311 04
1999-00	1,311,000 04	1,311 00	1,312,311 04
2000-01	1,311,000 04	1,311 00	1,312,311 04
2001-02	1,311,000 04	1,311 00	1,312,311 04
2002-03	1,311,000 04	1,311 00	1,312,311 04
2003-04	1,311,000 04	1,311 00	1,312,311 04
2004-05	1,311,000 04	1,311 00	1,312,311 04
2005-06	1,311,000 04	1,311 00	1,312,311 04
2006-07	1,311,000 04	1,311 00	1,312,311 04
2007-08	1,311,000 04	1,311 00	1,312,311 04
2008-09	1,311,000 04	1,311 00	1,312,311 04
2009-10	1,311,000 04	1,311 00	1,312,311 04
2010-11	1,311,000 04	1,311 00	1,312,311 04
2011-12	1,311,000 04	1,311 00	1,312,311 04
2012-13	1,311,000 04	1,311 00	1,312,311 04
2013-14	1,311,000 04	1,311 00	1,312,311 04
2014-15	1,311,000 04	1,311 00	1,312,311 04
2015-16	1,311,000 04	1,311 00	1,312,311 04
2016-17	1,311,000 04	1,311 00	1,312,311 04
2017-18	1,311,000 04	1,311 00	1,312,311 04
2018-19	1,311,000 04	1,311 00	1,312,311 04
2019-20	1,311,000 04	1,311 00	1,312,311 04
2020-21	1,311,000 04	1,311 00	1,312,311 04
2021-22	1,311,000 04	1,311 00	1,312,311 04
2022-23	1,311,000 04	1,311 00	1,312,311 04
2023-24	1,311,000 04	1,311 00	1,312,311 04
2024-25	1,311,000 04	1,311 00	1,312,311 04
2025-26	1,311,000 04	1,311 00	1,312,311 04
2026-27	1,311,000 04	1,311 00	1,312,311 04
2027-28	1,311,000 04	1,311 00	1,312,311 04
2028-29	1,311,000 04	1,311 00	1,312,311 04
2029-30	1,311,000 04	1,311 00	1,312,311 04
2030-31	1,311,000 04	1,311 00	1,312,311 04
2031-32	1,311,000 04	1,311 00	1,312,311 04
2032-33	1,311,000 04	1,311 00	1,312,311 04
2033-34	1,311,000 04	1,311 00	1,312,311 04
2034-35	1,311,000 04	1,311 00	1,312,311 04
2035-36	1,311,000 04	1,311 00	1,312,311 04
2036-37	1,311,000 04	1,311 00	1,312,311 04
2037-38	1,311,000 04	1,311 00	1,312,311 04
2038-39	1,311,000 04	1,311 00	1,312,311 04
2039-40	1,311,000 04	1,311 00	1,312,311 04
2040-41	1,311,000 04	1,311 00	1,312,311 04
2041-42	1,311,000 04	1,311 00	1,312,311 04
2042-43	1,311,000 04	1,311 00	1,312,311 04
2043-44	1,311,000 04	1,311 00	1,312,311 04
2044-45	1,311,000 04	1,311 00	1,312,311 04
2045-46	1,311,000 04	1,311 00	1,312,311 04
2046-47	1,311,000 04	1,311 00	1,312,311 04
2047-48	1,311,000 04	1,311 00	1,312,311 04
2048-49	1,311,000 04	1,311 00	1,312,311 04
2049-50	1,311,000 04	1,311 00	1,312,311 04
2050-51	1,311,000 04	1,311 00	1,312,311 04
2051-52	1,311,000 04	1,311 00	1,312,311 04
2052-53	1,311,000 04	1,311 00	1,312,311 04
2053-54	1,311,000 04	1,311 00	1,312,311 04
2054-55	1,311,000 04	1,311 00	1,312,311 04
2055-56	1,311,000 04	1,311 00	1,312,311 04
2056-57	1,311,000 04	1,311 00	1,312,311 04
2057-58	1,311,000 04	1,311 00	1,312,311 04
2058-59	1,311,000 04	1,311 00	1,312,311 04
2059-60	1,311,000 04	1,311 00	1,312,311 04
2060-61	1,311,000 04	1,311 00	1,312,311 04
2061-62	1,311,000 04	1,311 00	1,312,311 04
2062-63	1,311,000 04	1,311 00	1,312,311 04
2063-64	1,311,000 04	1,311 00	1,312,311 04
2064-65	1,311,000 04	1,311 00	1,312,311 04
2065-66	1,311,000 04	1,311 00	1,312,311 04
2066-67	1,311,000 04	1,311 00	1,312,311 04
2067-68	1,311,000 04	1,311 00	1,312,311 04
2068-69	1,311,000 04	1,311 00	1,312,311 04
2069-70	1,311,000 04	1,311 00	1,312,311 04
2070-71	1,311,000 04	1,311 00	1,312,311 04
2071-72	1,311,000 04	1,311 00	1,312,311 04
2072-73	1,311,000 04	1,311 00	1,312,311 04
2073-74	1,311,000 04	1,311 00	1,312,311 04
2074-75	1,311,000 04	1,311 00	1,312,311 04
2075-76	1,311,000 04	1,311 00	1,312,311 04
2076-77	1,311,000 04	1,311 00	1,312,311 04
2077-78	1,311,000 04	1,311 00	1,312,311 04
2078-79	1,311,000 04	1,311 00	1,312,311 04
2079-80	1,311,000 04	1,311 00	1,312,311 04
2080-81	1,311,000 04	1,311 00	1,312,311 04
2081-82	1,311,000 04	1,311 00	1,312,311 04
2082-83	1,311,000 04	1,311 00	1,312,311 04
2083-84	1,311,000 04	1,311 00	1,312,311 04
2084-85	1,311,000 04	1,311 00	1,312,311 04
2085-86	1,311,000 04	1,311 00	1,312,311 04
2086-87	1,311,000 04	1,311 00	1,312,311 04
2087-88	1,311,000 04	1,311 00	1,312,311 04
2088-89	1,311,000 04	1,311 00	1,312,311 04
2089-90	1,311,000 04	1,311 00	1,312,311 04
2090-91	1,311,000 04	1,311 00	1,312,311 04
2091-92	1,311,000 04	1,311 00	1,312,311 04
2092-93	1,311,000 04	1,311 00	1,312,311 04
2093-94	1,311,000 04	1,311 00	1,312,311 04
2094-95	1,311,000 04	1,311 00	1,312,311 04
2095-96	1,311,000 04	1,311 00	1,312,311 04
2096-97	1,311,000 04	1,311 00	1,312,311 04
2097-98	1,311,000 04	1,311 00	1,312,311 04
2098-99	1,311,000 04	1,311 00	1,312,311 04
2099-00	1,311,000 04	1,311 00	1,312,311 04
2100-01	1,311,000 04	1,311 00	1,312,311 04
2101-02	1,311,000 04	1,311 00	1,312,311 04
2102-03	1,311,000 04	1,311 00	1,312,311 04
2103-04	1,311,000 04	1,311 00	1,312,311 04
2104-05	1,311,000 04	1,311 00	1,312,311 04
2105-06	1,311,000 04	1,311 00	1,312,311 04
2106-07	1,311,000 04	1,311 00	1,312,311 04
2107-08	1,311,000 04	1,311 00	1,312,311 04
2108-09	1,311,000 04	1,311 00	1,312,311 04
2109-10	1,311,000 04	1,311 00	1,312,311 04
2110-11	1,311,000 04	1,311 00	1,312,311 04
2111-12	1,311,000 04	1,311 00	1,312,311 04
2112-13	1,311,000 04	1,311 00	1,312,311 04
2113-14	1,311,000 04	1,311 00	1,312,311 04
2114-15	1,311,000 04	1,311 00	1,312,311 04
2115-16	1,311,000 04	1,311 00	1,312,311 04
2116-17	1,311,000 04	1,311 00	1,312,311 04
2117-18	1,311,000 04	1,311 00	1,312,311 04
2118-19	1,311,000 04	1,311 00	1,312,311 04
2119-20	1,311,000 04	1,311 00	1,312,311 04
2120-21	1,311,000 04	1,311 00	1,312,311 04
2121-22	1,311,000 04	1,311 00	1,312,311 04
2122-23	1,311,000 04	1,311 00	1,312,311 04
2123-24	1,311,000 04	1,311 00	1,312,311 04
2124-25	1,311,000 04	1,311 00	1,312,311 04
2125-26	1,311,000 04	1,311 00	1,312,311 04
2126-27	1,311,000 04	1,311 00	1,312,311 04
2127-28	1,311,000 04	1,311 00	1,312,311 04
2128-29	1,311,000 04	1,311 00	1,312,311 04
2129-30	1,311,000 04	1,311 00	1,312,311 04
2130-31	1,311,000 04	1,311 00	1,312,311 04
2131-32	1,311,000 04	1,311 00	1,312,311 04
2132-33	1,311,000 04	1,311 00	1,312,311 04
2133-34	1,311,000 04	1,311 00	1,312,311 04
2134-35	1,311,000 04	1,311 00	1,312,311 04
2135-36	1,311,000 04	1,311 00	1,312,311 04
2136-37	1,311,000 04	1,311 00	1,312,311 04
2137-38	1,311,000 04	1,311 00	1,312,311 04
2138-39	1,311,000 04	1,311 00	1,312,311 04
2139-40	1,311,000 04	1,311 00	1,312,311 04
2140-41	1,311,000 04	1,311 00	1,312,311 04
2141-42	1,311,000 04	1,311 00	1,312,311 04
2142-43	1,311,000 04	1,311 00	1,312,311 04
2143-44	1,311,000 04	1,311 00	1,312,311 04
2144-45	1,311,000 04	1,311 00	1,312,311 04
2145-46	1,311,000 04	1,311 00	1,312,311 04
2146-47	1,311,000 04	1,311 00	1,312,311 04
2147-48	1,311,000 04	1,311 00	1,312,311 04
2148-49	1,311,000 04	1,311 00	1,312,311 04
2149-50	1,311,000 04	1,311 00	1,312,311 04
2150-51	1,311,000 04	1,311 00	1,312,311 04
2151-52	1,311,000 04	1,311 00	1,312,311 04
2152-53	1,311,000 04	1,311 00	1,312,311 04
2153-54	1,311,000 04	1,311 00	1,312,311 04
2154-55	1,311,000 04	1,311 00	1,312,311 04
2155-56	1,311,000 04	1,311 00	1,312,311 04
2156-57	1,311,000 04	1,311 00	1,312,311 04
2157-58	1,311,000 04	1,311 00	1,312,311 04
2158-59	1,311,000 04	1,311 00	1,312,311 04
2159-60	1,311,000 04	1,311 00	1,312,311 04
2160-61	1,311,000 04	1,311 00	1,312,311 04
2161-62	1,311,000 04	1,311 00	1,312,311 04
2162-63	1,311,000 04	1,311 00	1,312,311 04
2163-64	1,311,000 04	1,311 00	1,312,311 04
2164-65	1,311,000 04	1,311 00	1,312,311 04
2165-66	1,311,000 04	1,311 00	1,312,311 04
2166-67	1,311,000 04	1,311 00	1,312,311 04
2167-68	1,311,000 04	1,311 00	1,312,311 04
2168-69	1,311,000 04	1,311 00	1,312,311 04
2169-70	1,311,000 04	1,311 00	1,312,311 04
2170-71	1,311,000 04	1,311 00	1,312,311 04
2171-72	1,311,000 04	1,311 00	1,312,3

Tool for each year.	
6.014 50	.....
4.262 54	.....
169,651 14	.....
132,198 29	.....
138,006 82	.....
207,035 92	.....
624 108 56	.....

840

	Total for each year.
7,815 00	
3,886 02	
92,728 99	
55,569 15	
110,537 47	
102,006 03	

	Total for each year.
.....	3,009 55
.....	1,067 22
.....	2,709 14
.....	3,606 19
.....	27,682 01
.....	72,192 41

	Total for each year.	
807 34		
5,158 87		
2,912 29		
635 99		

Public erty.	Loans refund- ed by Law- renceburgh Rail Road Company.	Rent of c promise perty	Total received from all sources.
- - -	- - -	- - -	\$861,496 61
- - -	- - -	- - -	30,073 06
55 00	- - -	- - -	1,748,332 17
50 00	- - -	- - -	15,541 83
- - -	- - -	- - -	1,842,876 11
- - -	- - -	- - -	1,229,883 28
- - -	173 25	99	358,968 11
57 00	- - -	- - -	567,441 44
- - -	- - -	- - -	1,161,905 43
62 00	173 25	99	7,886,521 04

on for Road.	For loco- tives and cars.	For inter- drafts contract and oth	or comprom- e property of Josephs.	Total expend- ed on each account.
- - -	- - -	- - -	\$287,068 60	\$1,167,991 88
- - -	- - -	2,40	. . .	837,499 93
- - -	- - -	94	. . .	551,746 22
- - -	- - -	79	. . .	155,031 54
- - -	- - -	1,19	. . .	410,091 94
- - -	- - -	2,88	. . .	1,090,541 10
- - -	- - -	62	. . .	364,254 66
76 08	11,949 31	63	. . .	1,311,010 04
- - -	- - -	1,96	. . .	648,198 56
- - -	- - -	92	. . .	372,142 66
- - -	- - -	40	. . .	72,182 41
- - -	- - -	- - -	. . .	9,533 89
76 08	11,949 31	12,77	287,068 60	6,990,229 83

A TABULAR STATEMENT,

Doc. Auditor's Report.

Exhibiting the Receipts of the Internal Improvement Fund to October 31, 1840.

	On account of State Bonds.	Premium on State Bonds.	Interest on deposits.	Interest from surplus re- venue.	Internal Im- provement tax.	Sale of public property.	Loans refund- ed by Law- renceburgh Rail Road Company.	Rent of com- promise prop- erty.	Treasury Notes.	Tolls and wa- ter rents.					Total received from all sources.
Total receipts for half year ending January 1, 1837,	\$850,000 00	\$4,500 00	\$6,996 61	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	\$861,496 61
" " " " " " June 1, 1837,	- - - -	- - - -	30,073 06	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	30,073 06
" " " " " " January 1, 1838,	1,050,000 00	27,000 00	23,337 06	22,940 11	25,000 00	55 00	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	1,748,332 17
" " " " " " June 1, 1838,	- - - -	- - - -	491 83	- - - -	15,000 00	50 00	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	15,541 83
" " " " " " January 1, 1839,	1,780,000 00	- - - -	29,805 11	23,071 00	10,000 00	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	1,842,876 11
" " " " " " June 1, 1839,	1,217,760 00	- - - -	34,207 48	9,915 80	28,000 00	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	1,269,883 28
" " " " " " November, 1, 1839,	334,400 00	- - - -	8,660 84	24,735 02	- - - -	- - - -	173 25	999 00	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	368,968 11
" " " " " " April 30, 1840,	269,440 00	- - - -	- - - -	31,730 51	263,116 93	157 00	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	567,441 44
" " " " " " October 31, 1840,	- - - -	- - - -	- - - -	12,466 32	- - - -	- - - -	- - - -	- - - -	1,148,805 21	633 90	- - - -	- - - -	- - - -	- - - -	1,161,005 43
	6,101,600 00	31,500 00	133,571 99	127,866 76	341,116 93	262 00	173 25	999 00	1,148,805 21	633 90	- - - -	- - - -	- - - -	- - - -	7,886,521 04

A TABULAR STATEMENT,

Exhibiting the Expenditures of the Internal Improvement Fund to October 31, 1840.

	For construc- tion of public works.	For contingen- ces of con- struction.	For damages of right of way.	For damages to contractors in suspending work.	For land for water power sites.	For iron for Rail Road.	For locomot- ives and cars.	For interest on drafts to contractors and others.	General con- tingencies of Board of Improvement.	Contingencies of Fund Com'rs	Interest on general contin- gencies of board.	For premiums on specie and exchange to pay interest.	For interest on State Bonds.	For interest on unsettled accounts.	For comprom- ise property of Josephs.	Total expend- ed on each account.
Total general expenditures to October 31st, 1840,																
Total expenditures on Indpls. Div. C. Canal,	\$760,192 54	\$42,638 68	\$4,596 88	\$24,137 01	3,234 00	- - - -	- - - -	- - - -	35,946 70	15,150 16	5 06	34,839 27	\$753,574 73	\$41,398 36	\$287,068 60	\$1,167,991 88
" " " Southern " " "	510,220 95	30,964 71	- - - -	9,508 82	100 00	- - - -	- - - -	2,400 79	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	837,499 93
" " " Erie & Michigan "	115,733 52	26,907 35	4 76	11,595 69	- - - -	- - - -	- - - -	912 71	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	551,746 22
" " " Wabash and Et. River Cross Cut Canal,	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	790 23	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	165,031 54
" " " " " " " "	355,857 97	24,876 59	4,726 03	13,436 30	- - - -	- - - -	- - - -	1,195 75	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	410,091 94
Total expenditures on White Water Canal,	1,006,115 07	41,652 37	3,896 00	35,990 44	- - - -	- - - -	- - - -	2,887 22	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	1,050,541 10
" " " Wabash Canal south of Tip'c,	324,999 16	14,567 13	21,009 00	52 00	- - - -	- - - -	- - - -	627 37	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	364,254 66
" " " Madison & Indpls. Rail road,	1,094,213 53	69,471 19	1,762 25	- - - -	- - - -	142,976 08	11,949 31	634 68	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	1,311,010 04
" " " New Albany & Vincennes Road,	599,804 64	40,379 36	- - - -	6,051 74	- - - -	- - - -	- - - -	1,962 82	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	648,198 56
" " " Jeffersonville and Crawfordsville Road,	324,981 28	38,653 66	- - - -	7,583 19	- - - -	- - - -	- - - -	924 54	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	372,142 66
Total expenditures on Lafayette & Indianapolis Road,	60,607 50	10,972 11	- - - -	- - - -	- - - -	- - - -	- - - -	402 74	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	72,182 41
" " " Grand Rapids of Wabash river,	5,961 07	3,571 02	- - - -	- - - -	- - - -	- - - -	- - - -	6 80	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	9,533 89
Total,	\$5,168,895 59	334,667 19	39,294 91	108,355 22	3,334 00	142,976 08	11,949 31	12,775 65	35,946 70	15,159 16	5 06	34,839 27	753,574 73	41,398 36	287,068 60	6,990,229 83

2. For contingencies incident to construction and surveys, - - - - -	\$334,657 19
3. For damages paid for right of way, - - - - -	39,294 91
4. For damages to contractors for suspending work, - - - - -	108,355 22
5. For land for water power sites, - - - - -	3,334 00
6. For iron for Rail Road, - - - - -	142,976 08
7. Locomotives and burden cars, - - - - -	11,949 31
8. For interest on drafts of contractors and others, under act for relief of contractors, on public works, - - - - -	12,775 65
9. For general contingencies of Board of Internal Improvements, - - - - -	35,946 70
10. For contingencies paid by Fund Commissioners, including their salary, &c. - - - - -	15,159 16
11. Interest on general contingent drafts, - - - - -	5 06
12. For premiums paid on specie and exchange, to pay interest on bonds, - - - - -	34,839 27
13. For interest on State Bonds, - - - - -	753,574 73
14. For interest on unsettled accounts, - - - - -	41,398 36
15. For property taken of the Josephs and Cohens, upon compromise, - - - - -	287,068 60

Making total expenses paid up to 31st of October 1840, as shown by column of tables No. 16, \$6,990,229 83

From the receipts as above, - - - - -	7,886,521 04
Take the expenditures, - - - - -	<u>6,990,229 83</u>

Leaving unexpended and in various balances in Banks, and indebtedness to other funds, - - - \$896,291 21

The books of this office do not show the amounts of the indebtedness to this fund in the East, or the amount of the indebtedness of Internal Improvement fund to Wabash and Erie Canal fund.

The contingencies as per column No. 2, of table of expenditures, appear to be - - - - - \$334,657 19

From this should be deducted for surveys, ordered in 1835, charged in this account, - - - - - 40,290 40

\$294,366 79

Deduct also for purchase of land for sites of Depots, at Madison and Columbus, and for loco-motives, cars, and sites for water power, and damages for right of way on the different lines, improperly placed by Commissioners to this account, say - - - - - 50,000 00

To which should be added contingencies of Board of Internal Improvements, - - - - - 35,946 70

Leaving the true amount of contingencies, incident to construction of works. - - - - - \$280,313 49

Which is upon the whole amount properly belonging to the construction of our Internal Improvement system, but little over five per cent. for contingencies.

WABASH AND ERIE CANAL.

From the accompanying table, it will be seen that the total amount of receipts on account of the Wabash and Erie Canal from all sources, from the first receipts in 1830, up to 31st Oct. 1840, is \$2,301,181 16

The sources of these receipts are as follows:

From Road and Canal fund, - - - -	\$6,420 97
From sale of property and trespassing on Canal, - - - -	270 00
From Canal lands and interest, - - - -	361,866 94
From sale of State Bonds, - - - -	1,687,000 00
From interest and premiums on Bonds, - - - -	93,265 07
From tolls and Water rents, - - - -	12,163 39
From Treasury notes, - - - -	140,194 79
Making in all, - - - -	<u>\$2,301,181 16</u>

And that during the same period, the expenditures of every kind on account of said work, as per column of totals No. 13, amount to \$2,262,649 26

These expenditures are for the following objects, as will appear by reference to the appropriate columns, viz:

No. 1. For interest paid on State Bonds, - - -	\$335,886 84
No. 2. For contingencies incident to Fund Commissioner's office, and paid by them, including per diem of Commissioners, - - -	15,824 81
No. 3. For contingencies of construction, of sale and selection of Canal lands, Canal Land Office, experimental surveys, and expenses of Commissioners, - - -	114,379 47
No. 4. For damages for right of way, principally at Lafayette and Miamiesport, - - -	9,436 26
No. 5. For amount paid contractors for construction, - - -	1,730,274 42
No. 6. For purchase of land for water power, - - -	600 00
No. 7. For repairs of Canal, - - -	31,732 61
No. 8. For premiums paid by Fund Commissioners for specie and commission, to pay interest, - - -	3,915 54
No. 9. For interest paid by Fund Commissioners on unsettled accounts for money advanced by banks, - - -	15,640 06
No. 10. For engraving of bonds, - - -	418 41
No. 11. For Wabash river fund refunded, - - -	4,528 52

p to Oct. 31, 1840.

ills and er rents.	Treasury Notes.	Total for each year.
-	-	27,621 05
-	-	8,817 45
-	-	18,857 48
-	-	19,642 80
-	-	32,631 50
-	-	499,077 64
-	-	330,368 18
-	-	4,968 34
-	-	300,429 37
-	-	432,037 69½
1,398 37	-	39,590 96
1,295 44	-	
2,330 14	-	378,453 38
1,267 00	-	
5,872 44	140,194 79	208,685 70
2,163 39	140,194 79	2,301,181 16½

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er 31, 1840.

Interest on unsettled ac- counts.	For engra- ving bonds.	Wabash river fund.	Damages to contractors in suspending work.	Total for each year.
-	-	-	-	1,740 06
-	-	-	-	4,472 07
-	-	-	-	1,193 63
-	-	-	-	7,570 09
-	-	-	-	74,265 42
-	-	-	-	160,004 21
-	-	-	-	12,660 00
-	418 41	-	-	347,029 01
-	-	-	-	16,467 07
-	-	4,528 52	-	328,211 41
-	-	-	-	29,054 77
-	-	-	-	348,035 45
-	-	-	-	34,557 33
4,616 43	-	-	-	353,001 01
-	-	-	-	6,216 86
733 18	-	-	-	283,773 38
10,290 45	-	-	-	45,843 24
			12 32	208,553 75
15,640 06	418 41	4,528 52	12 32	\$2,262,649 26

Which is upon the whole amount properly belonging to the construction of our Internal Improvement system, but little over five per cent. for contingencies.

WABASH AND ERIE CANAL.

From the accompanying table, it will be seen that the total amount of receipts on account of the Wabash and Erie Canal from all sources, from the first receipts in 1830, up to 31st Oct. 1840, is \$2,301,181 16

The sources of these receipts are as follows:

From Road and Canal fund, - - - -	\$6,420 97
From sale of property and trespassing on Canal, - - - -	270 00
From Canal lands and interest, - - - -	361,866 94
From sale of State Bonds, - - - -	1,687,000 00
From interest and premiums on Bonds, - - - -	93,265 07
From tolls and Water rents, - - - -	12,163 39
From Treasury notes, - - - -	140,194 79
Making in all, - - - -	<u>\$2,301,181 16</u>

And that during the same period, the expenditures of every kind on account of said work, as per column of totals No. 13, amount to \$2,262,649 26

These expenditures are for the following objects, as will appear by reference to the appropriate columns, viz:

No. 1. For interest paid on State Bonds, - - -	\$335,886 84
No. 2. For contingencies incident to Fund Commissioner's office, and paid by them, including per diem of Commissioners, - - -	15,824 81
No. 3. For contingencies of construction, of sale and selection of Canal lands, Canal Land Office, experimental surveys, and expenses of Commissioners, - - -	114,379 47
No. 4. For damages for right of way, principally at Lafayette and Miamiesport, - - -	9,436 26
No. 5. For amount paid contractors for construction, - - -	1,730,274 42
No. 6. For purchase of land for water power, - - -	600 00
No. 7. For repairs of Canal, - - -	31,732 61
No. 8. For premiums paid by Fund Commissioners for specie and commission, to pay interest, - - -	3,915 54
No. 9. For interest paid by Fund Commissioners on unsettled accounts for money advanced by banks, - - -	15,640 06
No. 10. For engraving of bonds, - - -	418 41
No. 11. For Wabash river fund refunded, - - -	4,528 52

Exhibiting the Receipts of the Wabash and Erie Canal Fund from all sources, up to Oct. 31, 1840.

	Road and Canal fund and River fund.	Trespass and sale of property.	Canal lands and interest.	State Bonds.	Interest and premiums, on Bonds.	Tolls and water rents.	Treasury Notes.	Total for each year.
Total receipts for year ending Dec. 1, 1830,	-	-	27,621 05	-	-	-	-	27,621 05
" " " " " 1831,	4,528 52	-	4,268 53	-	-	-	-	8,817 45
" " " " " 1832,	-	-	18,857 48	-	-	-	-	18,857 48
" " " " " 1833,	-	-	19,642 80	-	-	-	-	19,642 80
" " " " " 1834,	-	-	32,631 50	-	-	-	-	32,631 50
" " " " " 1835,	-	-	-	-	-	-	-	-
Total receipts for half year ending 1st June, 1835,	1,892 45	3 00	-	465,257 42	31,924 77	-	-	499,077 64
" " " " " 1st June '35 to 1st Jan. '36,	-	-	74,042 61	240,000 00	16,325 37	-	-	330,368 18
" " " " " 1st Jan. to 1st June '36,	-	9 00	-	-	4,959 34	-	-	4,960 34
" " " " " 1st June '36 to 1st Jan. '37,	-	108 00	53,184 23	241,742 58	5,394 56	-	-	300,429 37
" " " " " 1st Jan. '37 to June '37,	-	-	-	-	5,894 27	-	-	-
" " " " " June '37 to Jan. '38,	-	150 00	30,051 65	380,000 00	15,941 77	-	-	432,037 69
" " " " " Jan. to June '38,	-	-	-	-	7,964 93	-	-	-
" " " " " June '38 to Jan. '39,	-	-	25,367 62	-	4,860 06	-	1,389 37	39,590 96
" " " " " Jan. '39 to June '39,	-	-	-	260,000 00	1,325 40	-	-	-
" " " " " 1st June to 31st Oct. '39,	-	-	14,827 80	-	-	2,330 14	-	370,453 38
" " " " " 1st Nov. to 30th April '40,	-	-	-	-	-	1,267 00	-	-
" " " " " 1st May to 31st Oct. '40,	-	-	81,351 47	-	-	5,872 41	140,194 70	200,685 70
	\$6,420 97	270 00	361,866 94	1,687,000 00	93,285 07	12,163 39	140,194 70	2,301,101 16

A TABULAR STATEMENT,

[Doc. Auditor's Report.]

Exhibiting the Expenditures of the Wabash and Erie Canal Funds, to October 31, 1840.

	For interest on State Bonds.	For contingencies paid by Fund Com'rs.	Contingencies of construction, sale of lands, surveys and board com'rs.	Damages for right of way.	For construction.	Purchase of land for water power.	For repairs.	Premiums paid on specie and com-mission.	Interest on unsettled accounts.	For engraving bonds.	Wabash river fund.	Damages to contractors in suspending work.	Total for each year.
Total expenditures for year ending Dec. 1, 1829,	-	-	1,740 06	-	-	-	-	-	-	-	-	-	1,740 06
" " " " " 1830,	-	-	4,472 47	-	-	-	-	-	-	-	-	-	4,472 07
" " " " " 1831,	-	-	1,193 63	-	-	-	-	-	-	-	-	-	1,193 63
" " " " " 1832,	-	-	5,476 09	-	-	2,094 00	-	-	-	-	-	-	7,570 09
" " " " " 1833,	-	-	7,519 29	-	-	66,746 13	-	-	-	-	-	-	74,265 42
" " " " " 1834,	-	-	11,033 13	-	-	148,971 08	-	-	-	-	-	-	160,004 21
To 1st June 1835,	12,660 00	-	-	-	-	-	-	-	-	-	-	-	12,660 00
To January 1836,	7,941 91	2,101 93	15,972 13	875 00	319,119 63	600 00	-	-	-	418 41	-	-	347,029 01
To June 1836,	15,777 75	689 32	-	-	-	-	-	-	-	-	-	-	16,467 07
To January 1837,	18,450 30	2,167 81	16,952 72	283 00	287,308 55	-	2,959 03	-	-	-	-	-	328,211 41
To June 1837,	24,175 00	351 25	-	-	-	-	-	-	-	-	-	-	29,054 77
To January 1838,	37,650 00	1,528 63	16,712 16	-	265,161 75	-	2,873 38	3,915 54	-	-	4,528 52	-	340,035 45
To June 1838,	33,764 63	772 60	-	-	-	-	-	-	-	-	-	-	34,537 23
To January 1839,	33,764 63	3,154 42	15,917 02	200 00	280,454 94	-	19,450 00	-	-	-	-	-	353,001 01
To June 1839,	-	1,000 43	-	-	-	-	-	-	-	-	-	-	6,216 06
To January 1840,	43,784 62	997 36	7,273 10	50 00	229,549 80	-	2,118 69	-	4,616 43	-	-	-	283,773 38
To April 1840,	43,784 62	1,325 44	-	-	-	-	-	-	733 18	-	-	-	45,843 24
To Nov. 1840,	43,893 37	1,101 43	10,117 67	8,028 26	130,778 74	-	4,331 51	-	10,290 45	-	-	12 32	206,553 75
	335,896 84	15,824 81	114,379 47	9,436 26	1,730,274 42	600 00	31,732 61	3,915 54	15,640 06	418 41	4,528 52	12 32	\$2,402,649 26

No. 12. For damages to contractors for suspending work, - - - - -	12 32
Making total of expenditures of every kind up to 31st Oct. 1840, - - - - -	\$2,262,649 26
Take the expenditures as above, from receipts, - - - - -	2,301,181 16
Showing an unexpended balance of this fund, of - - - - -	\$38,531 90
By reference to column No. 3, it appears that the contingencies amount to - - - - -	114,379 47
From this, should be deducted in order to ascertain the amount of contingencies properly applicable to construction of Canal, as follows:	
Expenses of Canal Land Office, ten years, at \$1,200 per year, including half the salary of the acting Commissioner, \$12,000	
Expenses of selecting lands and experimental surveys, say - - - - -	10,000
For damages improperly charged in this account, say - - - - -	1,500
	23,500 00
Making the total amount of contingencies, applicable to construction of Canal, - - - - -	\$90,879 47
This amount of contingencies, upon the whole cost of the work, is but little over five per cent.	

WABASH AND ERIE CANAL LANDS.

	Acres, Hds.
From 1830 to 1839, there has been as reported last year in detail, sold at the Canal Land Office, - - - - -	261,247 68
There remains unsold of first selections, viz: those selected in 1829, - - - - -	430 79
There remains reserved from sale for Canal purposes of first selections, - - - - -	1,162 27
Total of first selection, - - - - -	262,840 74
There was sold during 1840, of selections made in 1840, - - - - -	23,424 39
There remains unsold of selections of 1840, up to 31st Nov. 1840, - - - - -	38,317
Total of all selections up to 1840, acres, - - - - -	324,582 13

The sales of the 261,247 68-100 acres up to 1839, amounted to, - - - -	\$552,955 64
The amount paid by purchasers to 1839, - - - -	181,571 57
Leaving balance due up to Nov. 30, 1839, of first selections, - - - -	\$371,384 07
There was sold of the selections of 1840, up to Nov. 30, 1840, - - - -	96,342 53
There was received on the above sales, - - - -	29,371 58
Leaving balance due on sales of selections of 1840, up to Nov. 30, 1840, - - - -	\$66,970 95
The total amount received from sales of first selections, up to 30th Nov. 1839, is - - - -	\$181,571 57
From final payments on same, from Nov. 30, 1839, to Nov. 30, 1840, - - - -	1,794 22
The total amount received from sales of second selections, 1840, up to 30th Nov. 1840, is - - - -	29,371 58
Total received from all sales of Canal land from first sales up to 30th Nov. 1840, - - - -	\$212,737 37
To which add interest up to Nov. 30, 1839, as reported last year, - - - -	118,943 90
Interest from Nov. 30, 1839, to Nov. 30, 1840, - - - -	30,185 67
Total received for lands and interest, from first sales, up to Nov. 30, 1840, - - - -	\$361,866 94
There remains unpaid for, on first sales, up to 30th Nov. 1839, - - - -	370,384 07
There has been received of this balance, from Nov. 30, 1839, to Nov. 30, 1840, - - - -	1,794 22
Leaving due on first selections, - - - -	\$368,589 85
There is remaining due of sales of second selections, (1840,) and owing from purchasers, up to 30th Nov. 1840, - - - -	66,970 95
Leaving due from purchasers of Canal lands, up to 30th Nov 1840, and bearing an interest of six per cent. - - - -	\$435,560 80

From the tabular statement of tolls received on the several works, it will be seen that the amount received on all the works up to Oct. 31st, 1841, is - - - - - \$60,001 71

In this, the tolls received at Logansport from 1st May, to 31st of Oct. 1841, are not included—no report having been received from that office.

It is only within the last year that accounts were regularly opened with the collectors of tolls and lessees of water power. Heretofore the receipts arising from these sources, were sometimes handed by the collector to the commissioner of the work, to be by him expended, or paid to Fund Commissioners, and drawn from them by the acting commissioner. No one had by law the settlement of these accounts, and as a consequence, much confusion existed in most of them, when settlements were attempted by this office during the present year. In future, a strict accountability will be enforced, and the receipts from our works paid into the State Treasury as prescribed by the act of last session of the General Assembly, Chap. 127.

The amount received from rents of water power, up to Nov. 1st, 1841, is - - - - - \$3,222 99
The balance due from lessees on Nov. 1st, 1841, is 5,719 79

Making the total amount realized and yet due from rents of water power, - - - - - \$8,942 78

The amount of annual rents for water power on the White Water, Central, and Wabash and Erie Canal, is, as appears by the tabular statement referred to \$9,265 58

Payable semi-annually on the first of Nov. and first of May. The rents not becoming due until the day on which the accounts of this office are closed, and some days being necessary in the payment and transmission of the proper receipts, will account for the apparent large balances against lessees of water power.

PUBLIC DEBT.

The whole amount of State indebtedness, as reported last year to the General Assembly, was as follows:

1. For State Bonds sold for general system of Internal Improvements, - - - - - \$6,925,000
 2. For Wabash and Erie Canal, - - - - - 1,727,000
 3. " State Bank, for banking purposes, - - - - - 2,390,000
 4. " Lawrenceburgh Railroad Co. - - - - - 221,000
 5. " Fourth instalment of surplus revenue, bonds for which were given to State Bank, - - - - - 294,000
-
- \$11,557,000
6. Due the State Bank, exclusive of interest, being advances by the several branches, - - - - - \$641,461 04

7. Treasury notes issued prior to 31st Oct. 1840,	1,289,000
	<hr/>
	\$13,487,461 04

To which should be added as follows:

8. First and second instalments of surplus revenue loaned in the respective counties, (the interest of which is applicable to township schools,)	588,000
9. The third instalment of surplus revenue, in hands of Sinking Fund Commissioners, (the interest of which is applicable to payment of interest on State Bonds,) - - - - -	294,000
10. Treasury notes issued between 31st Oct. 1840, and 31st Oct. 1841, - - - - -	164,000
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	\$14,533,461 04
11. Amount due from treasury to University fund,	6,418 48
12. Amount due from treasury to Saline fund,	4,924 20
13. Amount due from treasury to Seminary fund,	494 40
14. Amount due from treasury to Estates without heirs,	1,402 39
15. Amount due from treasury to common school fund,	9,463 50
16. Amount due from treasury to Indianapolis Library fund, - - - - -	1,300 00
17. Amount due from treasury to outstanding salaries,	12,000 00

Making total liabilities of State, of every kind up to Oct. 31st, 1841, provided no bonds have been sold since the last report to the General Assembly, up to this date, - - - - - \$14,569,464 01

This debt is subject to the following reductions, viz:

1. Amount of bonds sold for State Bank, under the charter and on which the money was received,	\$1,390,000 00
2. Amount of part of bank loan, in 1839,	20,000 00
3. " of surplus revenue, 1st, 2nd, and 3d instalments, - - - - -	882,000 00
4. " of Lawrenceburgh Railroad loan,	221,000 00
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	\$2,513,000 00
5. " of University fund, - - - - -	6,418 48
6. " of Saline fund, - - - - -	4,924 20
7. " of Seminary fund, - - - - -	494 40
8. " of Estates without heirs. - - - - -	1,402 39
9. " of outstanding salaries, - - - - -	12,000 00
10. " of Indianapolis Library fund, estimated at	1,300 00
11. " of treasury notes burnt, - - - - -	147,700 00

Making total amount of deductions, - - - - - \$2,686,539 47

The interest is paid by the bank and Railroad Company, on Nos. 1, 2, & 4.

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7. Treasury notes issued prior to 31st Oct. 1840,	1,289,000
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	\$13,487,461 04

To which should be added as follows:

8. First and second instalments of surplus revenue loaned in the respective counties, (the interest of which is applicable to township schools,)	588,000
9. The third instalment of surplus revenue, in hands of Sinking Fund Commissioners, (the interest of which is applicable to payment of interest on State Bonds,) - - - - -	294,000
10. Treasury notes issued between 31st Oct. 1840, and 31st Oct. 1841, - - - - -	164,000
	<hr/>
	\$14,533,461 04
11. Amount due from treasury to University fund,	6,418 48
12. Amount due from treasury to Saline fund,	4,924 20
13. Amount due from treasury to Seminary fund,	494 40
14. Amount due from treasury to Estates without heirs,	1,402 39
15. Amount due from treasury to common school fund,	9,463 50
16. Amount due from treasury to Indianapolis Library fund, - - - - -	1,300 00
17. Amount due from treasury to outstanding salaries,	12,000 00

Making total liabilities of State, of every kind up to Oct. 31st, 1841, provided no bonds have been sold since the last report to the General Assembly, up to this date, - - - - - \$14,569,464 01

This debt is subject to the following reductions, viz:

1. Amount of bonds sold for State Bank, under the charter and on which the money was received,	\$1,390,000 00
2. Amount of part of bank loan, in 1839,	20,000 00
3. " of surplus revenue, 1st, 2nd, and 3d instalments, - - - - -	882,000 00
4. " of Lawrenceburgh Railroad loan,	221,000 00
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	\$2,513,000 00
5. " of University fund, - - - - -	6,418 48
6. " of Saline fund, - - - - -	4,924 20
7. " of Seminary fund, - - - - -	494 40
8. " of Estates without heirs. - - - - -	1,402 39
9. " of outstanding salaries, - - - - -	12,000 00
10. " of Indianapolis Library fund, estimated at	1,300 00
11. " of treasury notes burnt, - - - - -	147,700 00

Making total amount of deductions, - - - \$2,686,539 47

The interest is paid by the bank and Railroad Company, on Nos. 1, 2, & 4.

A TABULAR STATEMENT,

[Doc. Auditor's Report.]

Exhibiting the total amount of Receipts for collections, and moneys paid into the State Treasury by the respective collectors of Tolls on the Wabash and Erie and White Water Canals, Madison and Indianapolis Railroad, and the New Albany and Vincennes McAdamsed Road, from the time of the first Tolls received on the respective works up to the 31st day of October, 1841, inclusive.

	WABASH AND ERIE CANAL.					WHITE WATER CANAL.			MAD. & INDPLS. RAIL ROAD.		N. ALBANY & VINC'S RD.		Aggregate of all the works.
	Lafayette.	Logansport.	La Gros.	Fort Wayne.	Total.	Lawrenceburgh.	Brookville.	Total.	Madison.				
Total amount collected from the first tolls received to the 31st October 1840.	-	3,487 27	1,103 89	4,220 71	8,811 87	1,342 87 { Feb. & Mar. }	897 60	2,240 47	{ from commencement } to May, 1839. 1,100 00	-	-	-	12,192 34
Total amount collected during the months of November and December 1840, and January 1841.	-	159 12	99 36	189 87	448 35	165 08	64 47	229 55	To May 1840, 17,011 53	-	-	-	18,189 43
Total amount collected during the months of February, March and April, 1841.	-	272 51	97 39	553 29	923 19	{ and May. }	226 60	226 60	To May 1841, 13,845 61	-	-	{ From Oct. '40 } to April '41. 2,564 80	17,560 20
Total amount collected during the months of May, June and July, 1841.	{ and August. }	700 42	160 50	857 30	1,718 12	{ and April. }	218 47	553 31	2,428 57	-	-	-	4,700 00
Total amount collected during the months of August, September and October, 1841.	{ Sep. & Oct. }	439 19	no report.	91 31	1,158 68	{ and July. }	{ And July. }	986 15	2,102 74	-	-	-	7,099 74
Total.	\$1,139 61	3,918 90	1,552 45	6,449 25	13,060 21	2,294 70	1,941 38	4,236 08	38,288 45		4,416 97		60,001 71
Amount paid into Treasury from first tolls received to the 31st Oct. 1840.	-	3,056 28	670 39	3,716 80	\$ 7,443 47	300 00 { Feb. & Mar. }	333 90	333 90	-	-	-	-	8,077 37
Amount paid into Treasury for the months of November and December, 1840, and January, 1841.	-	-	54 36	13 086	185 22	167 97	170 00	337 97	-	-	-	-	523 19
Amount paid into Treasury for Feb. March and April, 1841.	-	330 09	52 39	{ and May. }	854 13	{ and April. }	193 34	193 34	-	-	-	-	1,049 47
" " " " May, June and July, 1841.	{ and August. }	588 00	no report.	112 00	827 30	{ and July. }	211 22	520 22	780 48	-	-	-	2,827 90
" " " " Aug. Sept. and Oct., 1841.	-	no report.	20 57	{ Aug. & Sep. }	565 68	{ And July. }	907 15	907 15	-	-	-	-	1,493 40
Total paid into Treasury.	588 00	3,367 28	909 71	5,722 38	10,596 27	1,184 12	1,410 46	2,594 58	780 48	-	-	-	13,971 33
Total amount of contingencies to October, 1841.	153 54	539 09	617 00	701 97	2,011 51	* 1,410 46	530 92	1,641 38	† 3,621 86	-	4,416 97	-	42,435 89
Balance in collector's hands.	398 07	3 62	25 74	25 00	452 43	000 00	000 00	000 00	1,289 89	-	-	-	1,742 32
Total.	\$1,139 61	3,918 90	1,552 45	6,449 25	13,060 21	2,294 70	1,941 38	4,236 08	38,288 45		4,416 97		\$60,001 71

* The amount placed under the head of contingencies at Lawrenceburgh, was principally paid for repairs to Canal.

† The amount placed under the head of contingencies on Madison and Indianapolis Road, includes the per cent. to lessees, expenditures for machinery and repairs on Road.

‡ The contingencies on New Albany Road are expenditures for repairs to Road, toll-houses, &c.

§ There are \$3,368 26 of tolls on the Wabash and Erie Canal paid to Fund Commissioners in addition of which this office has no account.

A TABULAR STATEMENT,

Exhibiting the total amount of Rents for Water Power due the State, and the total amount collected on the Wabash and Erie, the White Water and Central Canals, from the commencement of the several leases to the 1st November, 1841.

	WABASH AND ERIE CANAL.					WHITE WATER CANAL.					CENTRAL CANAL.					Aggregate of all water rents in the State.				
	Samuel Edgall, Fort Wayne.	Jesse Vennypila, Forks of Wabash.	Britton & Zarn, Peru.	Daniel Vander, Lafayette.	Yander & Rogers, Lafayette.	Seaton & Godley, Harrison.	John Godley, Harrison.	Briggs & Chertman, Harrison.	John & Conroy, Lawrenceburgh.	Total.	S. & J. Ogden, Indianapolis.	Wm. Steers & Co., Indianapolis.	Scudder & Hannaman, Indianapolis.	John Gathie, Indianapolis.	Nathaniel West, Indianapolis.		Bark & Morris, Broad Ripple.	Connelley & Farver, Port Royal.	Mcrom Brown & Co., Port Royal.	Total.
Total amount due to 1st May, 1841.	\$389 16	\$550 00	712 50	324 00	50 00	\$1,901 66	\$125 00	325 00	350 00	\$600 00	537 50	525 00	262 50	183 33	250 00	50 00	50 00	1,608 33	1,608 33	\$4,309 99
Total semi-annual rent ending November 1, 1841.	147 29	175 00	275 00	324 00	449 00	1,370 29	75 00	300 00	300 00	975 00	300 00	450 00	112 50	300 00	250 00	250 00	375 00	250 00	2,287 50	4,632 79
Total to November 1, 1841.	736 45	725 00	987 50	324 00	499 00	3,271 95	200 00	625 00	650 00	1,575 00	837 50	975 00	375 00	483 33	500 00	300 00	425 00	250 00	3,895 83	\$8,942 78
Total amount paid into the Treasury for rents to the 1st May, 1841.	589 16	375 00	712 50	324 00	50 00	1,726 66	125 00	160 00	300 00	575 00	563 00	450 00	112 50	300 00	250 00	50 00	50 00	796 33	796 33	\$3,097 99
Amount paid to November 1, 1841.	147 29	175 00	275 00	324 00	449 00	1,370 29	75 00	300 00	300 00	975 00	300 00	450 00	112 50	300 00	250 00	250 00	375 00	250 00	2,287 50	5,384 92
Balance due, subject to deductions, &c., for stoppages as per settlement with Engineers.	147 29	225 00	275 00	324 00	449 00	1,420 29	75 00	475 00	350 00	1,300 00	274 50	975 00	375 00	300 00	250 00	300 00	375 00	250 00	3,099 50	\$7,119 79
Total to November 1, 1841. (To follow page 24.)	736 45	725 00	987 50	324 00	499 00	3,271 95	200 00	625 00	650 00	1,575 00	837 50	975 00	375 00	483 33	500 00	300 00	425 00	250 00	3,895 83	\$8,942 78

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On Nos. 3, 5, 6, 7, 8, 9, 10, & 11, no interest is paid
by the State,

Public debt as above,	-	-	-	\$14,569,464	01
Deductions as above,	-	-	-	2,686,539	47

Leaving the amount on which interest is to be paid,	\$11,882,924	54
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The annual interest, is as follows:

On \$100,000, six per cent. bonds,	-	-	\$6,000	00
On \$1,305,300, six per cent. treasury notes, balance outstanding,	-	-	78,318	00
On \$10,479,624 54 five per cent. bonds,	-	-	523,881	20

Making the interest for 1842,	-	-	-	\$608,199	20
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Liabilities to be met at the treasury in the coming year 1842, viz:

1. July 1841, interest, on \$10,577,624 54, State bonds,	\$264,940	60
2. January 1842, interest on same unpaid,	-	264,940 60
3. Interest on treasury notes outstanding, up to 20th Nov. 1841,	-	120,632 00
4. Treasury notes outstanding 5's due on 20th of Nov. 1841,	-	586,300 00
5. Treasury notes outstanding 5's due 20th of Feb. 1842,	-	16,000 00
6th. Treasury notes, denomination 50's, due 20th April, 1842,	-	575,000 00
7th. Same denomination, 50's, due 20th Sept. 1842,	-	40,000 00
8th. Outstanding salaries due 1st Nov. 1841, and un- paid,	-	12,000 00

\$1,879,813 20

9th. July, 1842 and January, 1843, interest, which are to be met by the means on hand, or to be received during the year 1842,	-	-	529,881	20
10th. Exchange on two years' interest,	-	-	60,000	00
11th. Ordinary expenses of State,	-	-	92,750	00

Making total amount of liabilities at close of 1842,	\$2,562,444	40
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The means of the Treasury may be estimated as follows:

1st. Cash in Treasury Nov. 1st, 1841,	-	-	\$29,774	93
2d. Amount to be realized from taxes, 1841,	-	-	400,000	00
3d. Treasury loans outstanding,	-	-	5,938	88
4th. Indianapolis fund loaned, balance,	-	-	95	00
5th. Interest on canal lands,	-	-	25,000	00
6th. Interest on canal lands for 1842, estimated,	-	-	25,000	00
7th. Full or partial payments on 1st and 2d selections, estimated,	-	-	30,000	00

8th. Sales of land, estimated,	-	-	-	\$10,000 00
9th. Estimated sales of 1842,	-	-	-	10,000 00
10th. Balance in toll collectors' hands, November 1st, 1841,	-	-	-	2,742 32
11th. Water rents due November, 1841,	-	-	-	5,719 79
12th. Interest on loans of third instalment of surplus revenue,	-	-	-	24,000 00
13th. Interest from sinking fund Commissioners, derived from Bank dividends,	-	-	-	48,000 00
14th. Water rents from November, 1841, to November, 1842,	-	-	-	9,265 58
15th. Tolls from public works, after deduction of contingencies for 1842,	-	-	-	30,000 00
16th. Purchasers of lots of Indianapolis,	-	-	-	2,000 00

Making the total estimate of available means of the Treasury, for 1842,	-	-	-	-	<u>\$657,536 50</u>
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The liabilities of every kind which should be met during 1842, as above,	-	-	-	-	\$2,562,444 40
The means as above,	-	-	-	-	<u>657,536 50</u>

Balance against the Treasury, for which there is no means provided,	-	-	-	-	<u>\$1,904,907 90</u>
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Should the Legislature, as contemplated at its last session, still provide means other than as above, for the redemption of the Treasury Notes and interest on Treasury Notes, also the interest on our State Bonds, (those to be paid by the State) which fell due in July last, and will again fall due on 1st January, 1842—the liabilities for the year 1842 would then be as follows :

1st. July interest, 1842, on State Bonds,	-	-	\$264,940 60
2d. Jan. 1843, interest on State Bonds,	-	-	264,940 60
3d. Exchange on 1 year's interest,	-	-	30,000 00
4th. Ordinary expenses of State,	-	-	<u>92,750 00</u>

Making the liabilities properly belonging to 1842,	-	\$652,631 20
The means in the Treasury as appears in foregoing statement and properly applicable to the above liabilities, are,	-	<u>657,536 50</u>

Leaving a balance in the Treasury on the 1st of January, 1843,	-	-	-	-	\$4,905 30
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Respectfully submitted,
MORRIS MORRIS, A. P. A.

REPORT
OF THE
TREASURER OF STATE,
DECEMBER, 1841.

TREASURER'S OFFICE,
INDIANAPOLIS, *December 1, 1841.* }

To His Excellency, Samuel Bigger,

Governor of the State of Indiana :

SIR :—I have the honor to submit the annual statement required by law, of the receipts and expenditures of the State, and the operations of the loan office.

The statement marked *A* exhibits the amount received and disbursed at the Treasury, for the purposes mentioned, from the 1st November, 1840 to the 31st October, 1841, shewing the whole sum received to have been \$451,645.08; and the whole sum paid out to have been \$421,870 15.

It will be seen that the sum realized at the Treasury for revenue of 1840, amounted to \$166,802 90. Of this, \$149,700 was paid in Treasury Notes, with interest thereon amounting to \$4,450 00, leaving only available for expenditure, \$12,652 90. The deficiency thereby occasioned has been mainly supplied by the deposit of \$35,451 02 of interest on canal lands, made by the Fund Commissioners under the joint resolution of 24th February, 1840, continued by the act approved 4th February, 1841, chapter 31, and by the deposit of \$27,061 51 of the common school fund made by the commissioners of the sinking fund under the act approved 6th February, 1841, chapter 121. This last deposit seems to have been designed to remain permanently in the Treasury, and the State is chargeable with interest thereon. For the re-payment of the other, the Treasurer was au-

thorised by the act above referred to, (chapter 81) to negotiate a loan with the branches of the State Bank. Application was accordingly made to the several branches, but none were found willing to advance any portion of what was required, nor to afford any hope of an ability to do so at any future period. It will therefore become necessary for the General Assembly to provide other means of payment, should it be required.

The item of deposits from the common school fund would have been increased \$853 87 but for the refusal of the Lafayette Branch of the State Bank to honor the draft of the Fund Commissioner for that amount. A copy of the Cashier's letter to me on that subject is subjoined, from which it will be perceived that the Bank has placed the above sum to the credit of the State, on account of interest due that branch.

One instalment of interest on the bonds and mortgages transferred by the Lawrenceburgh and Indianapolis Railroad Company to the State, having fallen due since the enactment of the law placing all Internal Improvement funds into the Treasury, there should have been received from that source the sum of \$5,667 73. Only the sum of \$600 19 has reached the Treasury, as shown in the exhibit of receipts. Much of the residue, it is presumed, has been paid into the Lawrenceburgh Branch Bank, where the bonds and mortgages are made payable; and although not officially informed of the fact, yet it is understood that the Bank has carried this as well as some other preceding payments to the credit of the State on account of the State debt owing to that branch.

Several failures have occurred in the payment of interest on these securities, which will require prosecutions of foreclosure in the proper courts—some of which are now in progress.

The payment of interest in the various departments of the loan office has been better attended to than was expected, considering the pecuniary embarrassments of the country. The publication of the delinquent list was delayed beyond the usual period, and until the wheat crop was generally brought to market, thus enabling many to pay without cost who otherwise could not; and although the list is somewhat larger than usual, it is hoped that but few cases of absolute forfeiture will occur.

The act of the last session, extending time for the payment of these loans, was so construed at this office as not to require any part of the principal the first year. But its provisions seem only to extend to cases where the loans were due when the law was enacted, or which became due the present year, and if similar or any other indulgence is designed for those falling due hereafter, it will require a further enactment.

The balances due the College, Saline and Bank Tax Funds are required by the existing laws to be paid over to the State Bank and to be converted into Bank stock. At the meeting of the State Board to be held on the second Monday of the present month, the amount due the Saline and Bank Tax Fund will be so paid over. I have been in-

duced to withhold the balance due the College Fund until the meeting of the General Assembly, in consequence of a request to that effect from the board of trustees of the Institution, a copy of which accompanies this report.

It is a matter of some difficulty to estimate the probable means of the State for meeting the ordinary expenses of the ensuing year.— Depending mainly on the revenue assessed and to be collected, the ability of the State to meet the liabilities for 1842 will rest on the promptitude on those collections and on the kind of funds received therefor. Should there be found the usual punctuality, I do not doubt but that enough will be received in current funds to meet the ordinary demands upon the treasury. But the time of settlement and payment by collectors not being required by the existing laws until the second Monday in January, may prevent the proper information being obtained until it will be too late for the General Assembly to provide for a deficiency, and may therefore require some prior contingent provision to be made on that subject.

The State Bank, it is understood, will avail herself of the permission given in the Act of last session, (chapter 121) to litigate the right of the State to collect on her Stock, more than at the rate of taxation on other property. The Branch at Indianapolis has accordingly refused to pay the amount drawn for by the Auditor: and the question will be submitted to the proper tribunals for adjudication, with as little delay as possible.

The resources of the State, derived otherwise than from taxation, may be enumerated thus:

Balance in the Treasury, 31st October,	-	-	\$29,774 93
From outstanding Treasury Loans,	-	-	1,000 00
“ “ Loans of Indianapolis Fund,	-	-	100 00
“ proceeds of sales of lots in Indianapolis,	-	-	2,500 00
“ deposite of Surplus Bank dividends, and profits of Sinking Fund, constituting the Common School Fund,	-	-	60,000 00
To the above may be added the share of the State in the proceeds of the sales of public lands, to be distributed under the late act of Congress, and which may amount to \$130,000, and has not yet been appropriated,			
	-	-	130,000 00
			<u>\$223,374 93</u>

In the above estimate I have not included the proceeds of Canal Lands and interest thereon, tolls and water rents on the public works, and other items belonging to internal improvement account: as, since the expiration of the act approved 6th Feb. 1841 (chapter 121) there exists no authority to use any portion of the same for the ordinary demands on the treasury.

In regard to the item of “Common School Fund,” it is proper to remark that, should other branches of the State Bank, to whom the State is indebted, pursue the same course with the future dividends accruing to the State, as was by the Lafayette branch with the last, but little, if any, of the above sum of \$60,000, will be available for the ensuing year.

The probable demands upon the treasury for the ensuing year, may be estimated thus:

Unaudited and other claims not presented for payment, but

due Oct. 31, 1841,	-	-	-	-	\$12,000 00
Balance of College fund,	-	-	-	-	6,418 48
“ of Saline fund,	-	-	-	-	4,924 20
“ of Estates without heirs,	-	-	-	-	1,402 39
“ of County Seminary fund,	-	-	-	-	494 40
					<hr/>
					\$25,241 47

For appropriations for ordinary expenses:

Public Printing,	-	-	-	\$11,000 00
Distributing Laws and Journals,	-	-	-	700 00
Stationery,	-	-	-	3,000 00
General Assembly,	-	-	-	38,000 00
Judiciary,	-	-	-	15,500 00
Probate Judges,	-	-	-	4,000 00
Executive,	-	-	-	6,000 00
Prosecuting Attorneys,	-	-	-	1,700 00
Militia. (pay of Adjutant and Quarter Master Generals,)	-	-	-	150 00
State House,	-	-	-	3,000 00
State Library, (including pay of Librarian,)	-	-	-	700 00
Transporting convicts to State prison,	-	-	-	1,800 00
Presidential election of 1840,	-	-	-	100 00
Specific appropriations,	-	-	-	6,000 00
Contingent “	-	-	-	1,000 00
				<hr/>
				92,750 00
				<hr/>
				\$117,991 47

The character and amount of the public debt, so far as connected with this office, has not materially changed since the last annual report, stating it at \$13,667,433. The act of last session requiring the Treasurer of State to sign, number and register, all State bonds thereafter to be issued, was adopted so late as to render it necessary that I should accompany the Fund Commissioner to New York to prepare the bonds needed for the redemption of the Treasury Notes falling due on the 20th April. In performance of that duty, I signed 800 bonds for \$1,000 each, numbered from 1 to 800, payable the principal in 5 years, and the interest semi-annually at 7 per cent., in the city of New York. Six hundred of these were left with the Fund Commissioner, and the residue brought home to exchange with such holders of treasury notes as might apply at the treasury for that purpose. Six bonds have been thus used, numbered from 1 to 6 inclusive, redeeming \$5,600 of treasury notes, with the interest thereon accrued, to the 1st July. Of those left with the Fund Commissioner, he has returned to me 550, numbered 201 and 202, and from 253 to 800 inclusive: the residue be-

ing 50 bonds, numbered from 203 to 252 inclusive, he reports to have changed by interlining from 5 to 2 year bonds, and then to have placed with Messrs. McCalister & Stebbins, to be paid to the holders of our stocks on account of the last July instalment of interest; the interlined bonds to be replaced with engraved ones of the proper description, so soon as prepared. These I have recently signed and delivered to the Fund Commissioner, numbered from 1 to 100 inclusive, bearing the same rate of interest, and payable in New York.

One of the duties of the Treasurer in relation to State Bonds, is to number them, "commencing with the highest number heretofore sold." This, I found it impracticable to comply with, as several different numberings had been used, and it was not very easy to ascertain what was the highest number in circulation, many of our bonds being then hypothecated, and it being uncertain whether they could be redeemed: and also, whether if redeemed, the same numbers would be returned that were originally pledged.

Under these circumstances, and as these bonds were of a special character, and different in their duration and amount of interest from any before issued, I thought it best to number them as before stated. In all other particulars I believe the law has been fully complied with.

Within the present year, \$164,000 of treasury notes have been issued under the provisions of the act entitled, "An act for the immediate relief of contractors and others engaged on the Public Works." Thus making the whole amount issued, \$1,448,000. Within the same time the treasury notes paid into the treasury prior to the 10th Feb., have been, by the Secretary, Auditor and Treasurer of State, counted and burned. The amount so destroyed, being \$147,700: the interest on which amounted to \$4,403 84. If to the amount thus destroyed is added those redeemed as above stated by State bonds, \$5,600, and those since paid for revenue of 1840, say \$2,000, it will leave in circulation, \$1,292,700.

Should the present year's revenue be paid with the usual punctuality, and mostly in treasury notes, as is generally supposed, the above sum will be reduced considerably below one million within the next three months.

I annex hereto, statements marked B, C, D, E, and F, showing in detail the operations in the College, Saline, Surplus Revenue, Congressional Township, and Bank Tax Department of the Loan office, and a list of loans of these funds made the past year, marked G. Also, a copy of the letter from the Cashier of the Lafayette Branch Bank, marked H, and a copy of the letter of the President of the Board of Trustees of the Indiana University, enclosing copies of the resolutions of that Board, marked J: both having been heretofore referred to. Also, a statement of expenditures from the Contingent Fund, and bills of Stationery, purchased for the use of the General Assembly, Public Printing, and the Public Offices.

All which is respectfully submitted,

GEORGE H. DUNN,
Treasurer of State.

A Statement of the Receipts and Expenditures of the State, including the College and Saline funds from the 1st November, 1840, to the 31st October, 1841.

RECEIPTS.		EXPENDITURES.	
Balance of cash on hand Nov. 1st, 1840,	\$6,016 81	Internal Improvements,	312,779 83
Receipts during the fiscal year from estates without heirs,	- -	Pay and mileage of members of the Legislature and other officers, &c.,	38,092 59
From sale of lots at Indianapolis,	258 19	Revenue of 1838 refunded,	19 31
“ Incidental sources,	3,609 93	“ 1839 “	237 03
“ Treasury Notes issued for Internal Improvement purposes,	97 78	“ 1840 “	432 90
From Internal Improvement purposes, 164,000 00		Interest on Treasury Notes,	4,403 84
amt. deposited under Joint Resolution of 24th Feb'y. 1840, by Fund Com'r,	164,000 00	Sales of mortgaged lands,	3,245 65
“ Tolls,	35,451 02	Public Printing,	11,574 56
“ Int. paid on mortgages transferred by Lawrenceburgh and Indpls. R. Road Co.,	2,698 16	Pay of Probate Judges,	3,939 00
From balance of debt due from L. W. Scott,	4,103 52	“ Executive officers,	3,559 55
From principal for Canal lands,	600 29	“ Of Circuit Prosecutors,	1,632 91
“ Interest for Canal lands,	14 00	“ Of Judges of Supreme and Circuit Courts,	15,432 88
“ Interest on loans by Com'r. of Sinking Fund of 3d instalment of Surplus Revenue,	500 00	Payments on account of militia,	150 00
	1,630 67	“ “ State prison,	1,655 23
		“ “ Presidential election,	655 40
		“ “ State Library,	562 07
		“ “ State-house,	2,378 01
		“ “ Seat of Government,	200 29
		Premiums on Wolf-scalps,	10 00
		Specific appropriations,	8,528 03
		Contingent expenses,	823 61
		School fund refunded,	118 75

General contingencies,	495 29	218,956 45	Stationery, Militia fines distributed, The disbursements on account of the College branch of the loan office have been— Loans made, Payments on account of Indiana University, Sales of mortgaged lands, The disbursements on account of the Saline branch of the Loan office have been— Loans made, Sales of mortgaged land, Saline fund expenses, Balance,	1,301 72 7 00 1,250 00 5,146 90 1,095 84 1,675 00 579 41 382 84 29,774 93 451,645 08
From Revenue of 1837,	-	10 00	-	-
“ 1838,	-	55 95	-	-
“ 1839,	-	-	-	-
From Revenue of 1839, paid by Co. Treas.	923 51	-	-	-
From Revenue of 1840,	-	1,213 39	-	-
“ 1841,	-	166,802 90	-	-
“ Treasury loan refunded,	-	818 70	-	-
“ Interest on “	-	1,152 31	-	-
“ Sale of mortgaged land,	-	368 60	-	-
“ Interest on loans of Indianapolis fund,	-	3,710 75	-	-
“ Common school fund deposited under act of 1841, chap. 121,	-	39 14	-	-
The rec't's in the col. br. of the Loan office have been—	-	27,061 51	-	-
Balance on hand Nov. 1, 1840,	-	1,251 61	-	-
Loans refunded,	-	4,055 04	-	-
Interest on loans,	-	4,665 59	-	-
Jno. M. Berry, commissioner,	-	1,558 37	-	-
James Smith,	-	1,336 52	-	-
Sales of mortgaged lands,	-	1,044 09	-	-
Receipts from Saline fund—	-	-	-	-
Cash on hand Nov. 1, 1841,	-	1,960 67	-	-
Interest received,	-	3,244 47	-	-
Paid by Henry Young, commissioner,	-	341 57	-	-
“ Andrew Wilson,	-	993 78	-	-
Loans refunded,	-	1,295 00	-	-
Sale of mortgaged land,	-	826 16	-	-
		<u>\$451,645 08</u>		

Outstanding warrants No. 4087, 4479, 4649.

B

COLLEGE FUND.

Report of the operations of the College fund from 1st November, 1840, to 31st October, 1841.

Balance on hand 1st November,	-	-	-	1,251 61	Loans made,	-	-	-	1,250 00
Loans refunded,	-	-	-	4,055 04	Sales of mortgaged lands,	-	-	-	1,095 84
Interest received,	-	-	-	4,665 59	Payments on account of Indiana University,	-	-	-	5,146 90
Received from John M. Berry, com'r of reserved township in Monroe county,	-	-	-	1,558 37	Balance on hand 31st October,	-	-	-	6,418 48
Received of James Smith, com'r of reserved township in Gibson county,	-	-	-	1,336 52					
Sales of mortgaged lands,	-	-	-	1,044 09					
				<hr/>					<hr/>
				13,911 22					13,911 22

SALINE FUND.

Report of the operations thereof from November 1st 1840, to 31st October, 1841.

Cash on hand Nov. 1, 1840,	-	-	-	\$1,960 67	Loans made,	-	\$1,675 00
Interest received,	-	-	-	2,244 47	Sales of mortgaged land,	-	579 41
Paid by Henry Young, com'r of Saline lands in Washington county,	-	-	-	241 37	Saline fund expenses,	-	382 84
Paid by Andrew Wilson, com'r of Saline lands in Orange county,	-	-	-	993 78	Balance Oct. 31,	-	4,924 20
Loans refunded,	-	-	-	1,295 00			
Sales of mortgaged land,	-	-	-	826 16			
				7,561 45			7,561 45

SURPLUS REVENUE.

Report of the operations of that portion of the same loaned at Treasurer's office from 1st November, 1840, to 31st

October, 1841.

[illegible]

Report of the operations thereof from 1st November, 1840, to 31st October, 1841.

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Report of the operations thereof from 1st November, 1840, to the 31st October, 1841.

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G

Loans made of College Fund since 1st November, 1840—

Jesse Smith,	\$250 00
N. B. Palmer,	500 00
Henry Cuplinger,	.	.	.	.	500 00

Loans made of Saline Fund since 1st November, 1840—

Peter Gregory,	.	.	.	.	250 00
Jacob Witt,	.	.	.	.	450 00
Banner Lawhead,	.	.	.	.	200 00
Jacob Jones, Jr.	.	.	.	.	100 00
Charles Garner,	.	.	.	.	500 00
John S. Lewis,	.	.	.	.	175 00

Loans made of Surplus Revenue fund since 1st Nov. 1840—

Nathan Lister,	452 00
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Loans made of Bank Tax fund since 1st November, 1840—

Abraham Hurdling,	300 00
John Turner,	.	.	.	.	350 00

H

Copy of letter from Lafayette Branch Bank.

OFFICE OF THE STATE BANK, INDIANA, }
Lafayette, July 29th, 1841. }

GEORGE H. DUNN, Esq.,

Treasurer of the State of Indiana.

DEAR SIR:—Yours of the 22d inst., I have received with W. S. Hubbard Secretary's check on this branch for \$853,87 being the dividend on the State's surplus stock for the last six months ending 30th April last—unexed.

In consequence of the large debt due us by the State the Board ordered this amount to be carried to the credit of the interest account on that debt which has accordingly been done. I am therefore compelled to return the draft of Mr. Hubbard to you. I regret such a course should have been necessary. This matter however will be brought before the parent Board at their August session, and I presume some uniform system will be adopted as regards the same.

Yours very Respectfully,
 R. MILLIKEN, *Cashier.*

*Copy of a letter from D. K. MAXWELL, President Board of Trustees
of Indiana State University.*

BLOOMINGTON, July 23, 1841.

GEORGE H. DUNN, Esq.,

Treasurer of Indiana.

SIR:—At the late meeting of the Board of Trustees of Indiana University the following resolutions were adopted viz:

Resolved, That in the opinion of this Board the 10th section of the act of February 1841 entitled “an act to amend an act approved February 6th 1837” entitled an act to provide for distributing so much of the surplus revenue of the United States as the State of Indiana may be entitled to, and receive by virtue of an act of Congress approved January 23d 1836, and which provides that the funds of the Indiana University, which it was generally intended should be secured by the Treasurer of State by mortgages upon real estate, be for the future invested in the stock of the State Bank of Indiana, is deemed by this Board an impolitic change of the investment of said funds and having by possibility a tendency to render the same hereafter less secure and certain than they would be, if secured as they were before the passage of said act, by mortgages on real estate.

Resolved 2d, That it is our earnest desire, that the original plan of permanent security, which has heretofore worked *admirably well*, should be continued, and that the President of the Board communicate this resolution to the Treasurer of State, expressing to him the very great advantages to the best interests of the University which the Board conceives would result, if he the said Treasurer, could consistently with his duty as a State officer, delay to place any of said funds in Bank until the ensuing session of the Legislature, and the Board have an opportunity of memorializing the said Legislature on the subject,

Resolved 3d. That the President of the Board present to the next Legislature, a memorial setting forth their wishes upon this subject, and requesting the repeal of so much of said 10th section of the act of February 5th 1841 as relates to the funds of Indiana University.

J

Statement of Contingent Expenses from 1st November, 1840, to 31st October, 1841.

R. M. Hartness, for transportation of Ordnance stores,	-	\$22 50
Wm. Tate & Son, for storage of public arms,	-	16 20
John Cain, for Postage,	-	2 25
Geo. W. Sheever, repairs on Governor's residence,	-	12 00
W. Y. Wiley, Ink for Auditor's office,	-	75
C. Williams, for repairing desk in Auditor's office,	-	1 00
John Cain, for Postage,	-	101 47
S. Francis, advertising Proclamation of reward,	-	5 00
W. H. Lengenfelder, for repairs on Governor's residence,	-	3 00
M. Byrket, " " " "	-	21 00
W. R. Davis, for storage and repairs of public arms,	-	21 00
R. M. Hartness, transportation of " "	-	18 00
John Broadwell, " " " "	-	28 90
A. H. Davidson, weighing and portorage of public arms,	-	1 00
Richard Owen, transportation of " "	-	24 87
Jos. M. Moore, for Postage,	-	132 00
C. B. Davis, Stationery for use of Governor,	-	16 94
Joseph J. Stretcher, Book-case for Treasurer's office,	-	30 00
Wm. Stacy, Record books and Stationery, for Governor's use,	-	5 19

K

Statement of amount paid for Stationery, Carriage, &c., from Nov. 1st, 1840, to 31st Oct., 1841.

1840. Bought of the Richmond Trading and Manufacturing Company,		
100 Reams Royal, No. 3, a 4,00,	-	\$400 00
45 Reams Post, No. A, ruled, a 5,00,	-	225 00
5 " " " " plain, a 4,50,	-	22 50
20 " Cap, No. 1, plain, a 3,25,	-	65 00
12 " Post, No. A, F., ruled, a 5,00,	-	60 00
8 " " " " plain, a 4,50,	-	36 00
Hauling 3160 lbs. of paper, a 1,60	-	34 60
		<hr/>
		\$843 10

Bought of John Sheets,		
162 Reams Royal, a 4,	-	\$672 00
9 boxes, and cooperage,	-	10 00—682 00
		<hr/>
		\$1,525 10

Bought of Morrison & Talbott,

50 Reams Ames faint lined, Post paper, <i>a</i> 4,75,	\$237 50	
10 " " " " " " " "	47 50—	285 00
2½ doz. Tapes, <i>a</i> 75,	1 88	
4 " Cotton Tape, <i>a</i> 50,	2 00	
4 bunches Silk Braid,	50—	4 38
½ Ream Cap paper,	2 75	
3 Quires "	1 50	
2 cards pens, <i>a</i> 1 00,	2 00	
2 " " " "	2 00	
2 doz. Steel Pens, <i>a</i> 50,	1 00	
2 Cards " " " "	1 50—	11 00
		<hr/>
		\$300 38

Bought of Morrison & Talbott,

1 Ream paper,	4 50	
2 bottles Ink,	1 00	
1 card Steel Pens,	1 00	
50 Quills, No. 7.	2 00—	8 50
		<hr/>
		\$308 88

Bought of Wm. Sheets & Co.

200 Reams Royal, <i>a</i> 4 25,	850 00	
23 " Envelop, <i>a</i> 4 25,	97 75	
1 " Sup. Cap,	4 00—	951 75
		<hr/>
Hauling paper from Madison,		7 92
		<hr/>
		\$2,793 65

REPORT

OF THE

BOARD OF INT. IMPROVEMENT,

In relation to the number of persons in the employ of the State,
connected with the public works.

One hundred copies ordered to be printed.

OFFICE BOARD OF INTERNAL IMPROVEMENT, }
Indianapolis, Dec. 13th, 1841. }

HON. JOHN W. DAVIS,

Speaker of the House of Representatives:

SIR—In reply to a resolution of the House of the 10th inst, requiring the “number of Engineers, Special Agents, and others in the employ of the State, connected with the system of Internal Improvements, their names, amount of their salaries, and the nature and extent of their services,” the Board respectfully report.

That on the Wabash and Erie Canal, Richard Adams and O. Bird, are employed as superintendents of repairs. It is their duty to regulate the introduction of the water, so as to keep the water at the proper height, to take care that breaches in the canal are prevented so

far as possible, and to repair them promptly when they occur. Each has under his care 70 miles of canal over which he travels almost constantly. The compensation allowed is three dollars per day, when actually employed, including travelling and all other expenses.

John Roach has been employed a portion of the time during the past season in attending the Locks at Huntington, and in superintending the operations of contractors on the St. Joseph's Feeder at \$35 per month. The services of this individual, were of a temporary nature, and are probably discontinued before this time. The sum paid to these three individuals was included in the amount of repairs stated in the annual report, though the names were not there given.

S. Fisher, the resident Engineer, has been employed in the service of the State whenever his services were necessary. His duties have been, to superintend the construction of the Steam Boat Lock at Delphi and to give some attention to the repairs of the line, together with the closing up of unsettled accounts.

His total compensation for the year amounts to \$——as given in the annual report.

These several items of work having been completed, an Engineer will no longer be required, unless it be in the place of a superintendent.

There are four collectors of tolls on the Wabash and Erie Canal, at Fort Wayne, Lagros, Logansport and Lafayette, each receiving \$15, per month.

T. A. Morris is employed as Resident Engineer on the Madison and Indianapolis Railroad, and superintendent on the Central Division of the Central Canal, at a yearly salary of \$1,500. R. M. Patterson, is employed as principal assistant Engineer on the Madison Railroad; their duties are to attend to the construction of the work on said road, and make the proper estimates of work done &c. To T. A. Morris is also assigned the charge of the finished part of the work.

H. C. Moore is employed as superintendent upon the White Water Canal at a salary of \$1,000 per annum; his duty is to keep the finished portion of the canal in proper repair and to exercise such supervisory power over the unfinished portion of the canal, as is directed by law; and during the past season he has, under the direction of the Board, attended to a large number of Arbitrations on said line, and in addition these services he has several times visited the New Albany and Vincennes road—collected and paid over the tolls—and superintended the repairs.

John Burk is employed on the Central Division Central Canal; his duty is to keep the finished part in repair and regulate the supply of water, and pay such attention to the unfinished part as is required by law. During the past summer his pay has been at the rate of \$360, per annum; from the first of the present month it has been reduced to \$150.

W. F. F. Thompson was appointed in September last, superintendent of the New Albany and Vincennes road, at an annual salary of

\$150. His duty is to collect the tolls on said road pay them out and see that the road is kept in repair.

S. C. Bradford is employed as superintendent on the Southern Division of the Central Canal and collector of tolls, at a yearly salary of \$150. His duty is to collect tolls and to make such repairs as are absolutely necessary.

Adam Green is employed on the Madison Railroad, at a per diem allowance of two dollars; his duty is to keep the track in repair, clean out the the side ditches and such other repairs as are necessary to ensure the safe running of the cars.

Two collectors of tolls are employed on the White Water canal, one at Brookville the other at Lawrenceburg, each at a yearly salary of \$100.

In order to run the cars on the Madison Railroad, two modes have been adopted, one by farming out the privilege—the other, to run them by agents of the State; the latter method is the one now in use, and so far has met the expectations of the Board. Connected with running the train under any mode, a shop with a superintendent well skilled in the building and repair of cars and the keeping in order the locomotives is indispensable.

The following is a list of agents connected with this department.

Samuel Thomas, superintendent of Machinery—salary \$70, per month; his duty is to keep the engine and cars in good order for safe running.

John Lodge superintendent of transportation—salary a per diem allowance of \$2; his duty, to attend to the transportation of freight and passengers; to go daily with the train in and out, and settle all accounts &c.

R. J. Elvin Clerk at depot, at a per diem allowance of one dollar; his duty is to keep the books containing an account of transportation, &c.

F. Lunger, Engine man is employed to superintend and conduct the locomotive and train; he is paid a per diem allowance of \$2.

There is also employed one fireman whose duty is to attend to the fire, wood and water; also one other hand on the train to assist in loading and unloading; each at a per diem allowance of one dollar.

It will be recollected by the House, that the present law provides for the appointment, by the Board of arbitrators to assess damages to contractors in certain cases, and to those who may apply for damages on account of the location of any of the public works; (these appointments are not given) they have probably amounted to fifty persons, during the past year, and their pay to \$500.

In connection with the foregoing subject, it may not be improper here to state, that under the existing laws, the right to an appeal from the award of arbitrators, in certain cases, is allowed. Under this permission, a large number have been taken, a number of which are yet pending in the circuit courts, and a few in the supreme court.

To secure the interest of the State, Attorneys have been employed; at this time about ten Lawyers are engaged in those cases, the

amount of their fees are yet unknown; they are made to depend upon the nature of the case and the amount in controversy.

In the account of payments contained in the annual report of the acting commissioner heretofore made to the Legislature, the foregoing expenses of Engineers, Superintendents &c., were included, though the names of the persons employed were not in every case given.

Respectfully submitted.

PHILIP MASON,
J. L. WILLIAMS.

GOVERNOR'S MESSAGE,

DELIVERED TO THE

GENERAL ASSEMBLY,

OF THE

STATE OF INDIANA

December 7, 1841.

INDIANAPOLIS:

DOWLING AND COLE, STATE PRINTERS,
1841.



MESSAGE.

Gentlemen of the Senate

and House of Representatives:

In meeting together to consult for the general good, we are led to review the past, even while the mind is directed to the consideration of the future. Although the year now drawing to a close has produced no amelioration of the causes which are distracting the business, trade and commerce of the country, the bounties which have been showered upon us by a beneficent Providence, call for the most lively expressions of gratitude to Him, who is the source of every blessing. The labors of the husbandman have been crowned with a rich abundance of the fruits of the earth. With some local exceptions we have enjoyed a year of more than usual health. The storm of war which lowered upon our horizon has passed away, and the blessings of peace are continued to our common country. Liberal principles, sound morality and pure religion have exercised their restraining influence upon the community, and we have been spared the pain of witnessing those infractions of law and good order within our State so dangerous to our institutions, and subversive of the fundamental principles of our government.

You have met under peculiarly trying circumstances. Since the adjournment of the last legislature we have reached a crisis in our affairs, dreaded indeed by many, but which it was hoped might be avoided. Indiana, until the present year, had succeeded in paying the interest on her public debt, and at the last session ample provision was supposed to have been made for its payment this year, but circumstances beyond the control of the agents of the State, have rendered it impossible to procure the necessary funds, and we are compelled to admit the unwelcome truth, that the credit of the State has not been sustained.

It now devolves upon the legislature to devise and adopt measures, the best adapted to the exigencies of our situation. To do this, it becomes necessary to look over the whole ground—to examine our exact situation with the strictest scrutiny, and make the most correct estimate we possibly can, of the liabilities and means and resources of the State. In order that the whole subject may be fully presented and understood, I shall in the first place consider somewhat in detail, the commencement and progress of those measures, the unfortunate issue of which, has involved the State in her present difficulties.

In the year 1827, the State of Indiana obtained from the General Government a grant of land to aid in the construction of the Wabash and Erie Canal, with a view to connect the Wabash river with Lake Erie. A portion of this grant was surrendered to the State of Ohio, on the condition that she would construct the Canal from the boundary of Indiana to the Lake. This canal has been completed, ready for navigation from Lafayette on the Wabash, to the eastern line of the State. This work is not generally regarded as forming a part of the general system of Internal Improvements, in the prosecution of which the State subsequently engaged in the year 1836. It is now understood that Ohio will complete her portion of the line in 1842, by which an uninterrupted communication will be opened between the Wabash and Lake Erie.

In the month of January 1836, the legislature passed an act to provide for a general system of Internal Improvements, embracing a number of expensive works. The extent and present condition of these works, including the Wabash and Erie Canal, with the total disbursement thereon, up to the present time, with the expenditure under every head, may be briefly summed up as follows:

1. The Wabash and Erie Canal from the State line to Tippecanoe, 129½ miles in length, completed and navigable for the whole distance, at a total expenditure, including payment for every purpose, of \$2,041,012. This sum includes the cost of the steam boat lock at the Delphi dam, now nearly finished.

2. The extension of the Wabash and Erie Canal from the mouth of Tippecanoe to Terre Haute, 104½ miles. Total probable cost \$1,500,000—amount expended, \$408,855. The navigation opened as far down as Lafayette, and a portion of the work performed in the vicinity of Covington.

3. The Cross Cut Canal from Terre Haute to Central Canal, 49 miles in length—estimated cost, \$718,672—amount expended, \$420,679. No part of the work is navigable.

4. The White Water Canal from Lawrenceburgh to the mouth of Nettle creek, 76½ miles—total estimated cost, \$1,675,738—amount expended, \$1,099,867. Thirty one miles of this work navigable, extending from the Ohio river to Brookville.

5. The Central Canal from the Wabash and Erie Canal to Indianapolis, including the feeder dam to Muncietown. Total distance, 124½ miles—total estimated cost, \$2,299,853—amount expended, \$568,046—eight miles completed, other portions nearly done.

6. Central Canal from Indianapolis to Evansville, on the Ohio river. Length 194 miles—total estimated cost, \$3,532,394—amount expended, \$831,302—19 miles of which, at the southern end, connecting with the Ohio river, are finished, and 16 miles extending south from Indianapolis, nearly finished.

7. Erie and Michigan Canal, 182½ miles—estimated cost, \$2,624,823—amount expended, \$156,324. No part of this work is finished.

8. The Madison and Indianapolis Rail Road—85½ miles long—total estimated cost, \$2,046,600—amount expended, \$1,493,013.

Road finished and in operation for about 28½ miles. Grading very nearly finished on 27½ miles in addition extending to Edinburgh.

9. Indianapolis and Lafayette Turnpike road—73 miles in length—total estimated cost, \$593,737—amount expended, \$72,182. The bridging and most of the grading done on 27 miles from Crawfordsville to Lafayette.

10. New Albany and Vincennes Turnpike road—105 miles long—estimated cost, \$1,127,295—amount expended, \$654,411. Forty-one miles graded and McAdamized, extending from New Albany to Paoli and 27 miles in addition, partly graded.

11. Jeffersonville and Crawfordsville road—164½ miles long—total estimated cost, without metalling, \$952,000, with metalling added, the cost would be \$1,651,800—amount expended, \$372,733. Forty-five miles partly graded and bridged, extending from Jeffersonville to Salem, and from Greencastle north.

12. Improvement of the Wabash Rapids, undertaken jointly by this State and Illinois, one half of the estimated cost of which is \$102,500—amount expended by Indiana, \$9,539.

There has also been paid for the general contingent expenses of the Board of Internal Improvements, for the purchase of instruments, &c., chargeable alike to all the public works, the sum of \$36,564 41.

By summing up the foregoing statement, it will be seen that the whole length is 1289 miles, 281 miles of which have been completed—aggregate estimated cost of all the works, \$19,914,424—amount expended for all purposes, up to this date, \$8,164,528 21.

The above estimates of the cost of the entire lines, are based on the cost of the work already done ; from which it appears it would require to complete the whole of the above works, \$11,750,000. At the present reduced prices, it might take less, were it not for the loss and dilapidation on the unfinished portions of the works.*

Following in immediate connection with this view of our public works, is the amount of the whole public debt of the state. Including all our liabilities, this may be estimated at \$15,088,146. There is some difficulty in ascertaining the exact amount of a part of the items, but upon referring to the most accurate sources of information, it is believed the following statement will be found substantially correct:—

1. For the Wabash and Eire Canal, - - -	\$1,727,000
2. For the establishment of the State Bank, - - -	1,390,000
3. For the enlargement of the capital of said Bank, - - -	1,000,000
4. Advanced to the Bank in anticipation of the fourth instalment of the Surplus Revenue, - - -	294,000
5. For bonds advanced to the Lawrenceburgh and Indianapolis R. Road Company, - - -	221,000

* The sum requisite to complete any particular work, may be seen by subtracting the amount expended from the estimated cost. Appended to the Message, is a tabular statement (A) prepared from the most authentic vouchers, and sources of information from which the above was extracted, exhibiting the work done and the expenditures in detail.

6. For bonds sold for the Internal Improvement System of 1836, - - - - -	7,050,000
7. Due the State Bank for advances on the Public Works, including interest, - - - - -	693,146
8. Amount of Treasury Notes outstanding, - - - - -	1,300,000
9. For last July instalment of interest, - - - - -	259,000
10. Hypothecated Bonds sold, - - - - -	404,000
11. Bonds now hypothecated, - - - - -	665,000
12. Interest on outstanding Treasury Notes, - - - - -	85,000
Total, - - - - -	\$15,088,146

There has been advanced on the bonds now hypothecated, 145,000 dollars nearly. Should this sum be refunded by the sale of State Bonds, that item will be reduced to the amount of bonds sold to redeem those hypothecated. When the revenue of the year 1841 shall be paid into the treasury, the amount of treasury notes will be reduced perhaps to \$850,000.*

That part of our liabilities usually called the suspended debt, upon which nothing has been received, in which may be included the Cohen property, consists of the following:—

1. Due from the Morris Canal and Banking Company, for Bonds sold to increase the stock of the State Bank, nearly - - - - -	1,000,000
2. From the same, for Bonds sold for Internal Improvement purposes, - - - - -	1,146,000
3. From other Companies, - - - - -	894,000
4. Cost of Cohen property, - - - - -	341,000

Total amount of the Suspended Debt, \$3,381,000

By a joint resolution, "in relation to money due in eastern cities and states, for state bonds disposed of, approved February 24, 1840," it was made the duty of the Fund Commissioners to require collateral security to double the amount of the bonds sold to the Morris Canal and Banking Company, to raise money to increase the capital stock of the State Bank, or require payment of said bonds, or the return thereof. By this transfer to the Canal Fund Commissioners, the management of this debt was taken from the officers of the Bank, and it has since then become blended with the debts contracted on account of the general Internal Improvement system.

No correct opinion can be formed of the probable amount which will be realized from the suspended debt, nor of the value of the collateral securities taken at different times for its payment; the securities are as various as can be well imagined, and many of them are doubtless scarcely worth the paper employed in conveying them to the state. A part of the debt may be recovered, but how much, or when, are questions it is impossible to answer. One thing, however,

* A table showing fully the several items of the public debt, is hereto appended, See table B.

November, 1841.

pairs.	For iron for Rail Road.	For locomotives and cars.	For interest on drafts to contractors.	Total cost of each work.
53 76		
03 63	\$627 37	408,854 92
83 33	1,195 75	420,679 87
72 56	2,887 22	1,099,866 66
50 00	942 71	558,685 34
.....	2,400 79	840,662 49
79 44	142,976 08	11,949 31	790 23	156,323 64
.....	634 68	1,493,013 01
00 00	402 74	72,182 41
.....	1,962 82	654,411 56
.....	924 54	372,732 75
.....	6 80	9,538 89
42 72	142,976 08	11,949 31		
71 46	12,775 65	6,086,951 54
.....	2,041,012 26
4 18	8,127,963 80
Instruments, &c., applicable alike to all the works,				36,564 41
.....				\$8,164,528 21
.....				\$458,257 39
.....				36,564 41
Making a total of				\$494,821 81
.....				\$40,290 40
.....				50,000 00
.....				23,500 00
.....				113,790 40
The sum paid for construction.				\$381,031 40

6. For bonds sold for the Internal Improvement System of 1836, - - - - -	7,050,000
7. Due the State Bank for advances on the Public Works, including interest, - - - - -	693,146
8. Amount of Treasury Notes outstanding, - - - - -	1,300,000
9. For last July instalment of interest, - - - - -	259,000
10. Hypothecated Bonds sold, - - - - -	404,000
11. Bonds now hypothecated, - - - - -	665,000
12. Interest on outstanding Treasury Notes, - - - - -	85,000
Total, - - - - -	\$15,088,146

There has been advanced on the bonds now hypothecated, 145,000 dollars nearly. Should this sum be refunded by the sale of State Bonds, that item will be reduced to the amount of bonds sold to redeem those hypothecated. When the revenue of the year 1841 shall be paid into the treasury, the amount of treasury notes will be reduced perhaps to \$850,000.*

That part of our liabilities usually called the suspended debt, upon which nothing has been received, in which may be included the Cohen property, consists of the following:—

1. Due from the Morris Canal and Banking Company, for Bonds sold to increase the stock of the State Bank, nearly - - - - -	1,000,000
2. From the same, for Bonds sold for Internal Improvement purposes, - - - - -	1,146,000
3. From other Companies, - - - - -	894,000
4. Cost of Cohen property, - - - - -	341,000
Total amount of the Suspended Debt, - - - - -	\$3,381,000

By a joint resolution, "in relation to money due in eastern cities and states, for state bonds disposed of, approved February 24, 1840," it was made the duty of the Fund Commissioners to require collateral security to double the amount of the bonds sold to the Morris Canal and Banking Company, to raise money to increase the capital stock of the State Bank, or require payment of said bonds, or the return thereof. By this transfer to the Canal Fund Commissioners, the management of this debt was taken from the officers of the Bank, and it has since then become blended with the debts contracted on account of the general Internal Improvement system.

No correct opinion can be formed of the probable amount which will be realized from the suspended debt, nor of the value of the collateral securities taken at different times for its payment; the securities are as various as can be well imagined, and many of them are doubtless scarcely worth the paper employed in conveying them to the state. A part of the debt may be recovered, but how much, or when, are questions it is impossible to answer. One thing, however,

* A table showing fully the several items of the public debt, is hereto appended, See table B.

STATEMENT A,

[Doc. to Governor's Message.

Exhibiting the Expenditures for Internal Improvement up to the 30th November, 1841.

NAME OF THE WORK.	For construction of the public works.	For contingencies of construction.	For water-power sites, for damages, for the right of way, and for materials.	For damages to contractors for suspending work.	For repairs.	For iron for Rail Road.	For locomotives and cars.	For interest on drafts to contractors.	Total cost of each work.
Wabash Canal west of Tippecanoe,	\$350,071 07	\$14,875 38	\$37,075 34	\$52 00	6,153 76			\$627 37	408,854 92
Cross Cut Canal, from Wabash to Eel river,	365,857 57	25,087 59	6,299 03	13,436 30	8,803 63			1,195 75	420,679 87
White Water Canal,	1,006,115 07	41,895 87	5,447 00	39,938 17	3,583 33			2,887 22	1,099,866 66
Central Canal, south of the mouth of Eel,	516,506 51	31,354 74	100 00	9,508 82	272 56			942 71	558,685 34
Central Canal, north of do do	760,192 54	42,742 38	9,030 88	24,845 90	1,450 00			2,400 79	840,662 49
Erie and Michigan Canal,	115,733 52	27,587 86	504 75	11,707 28				790 23	156,323 64
Madison and Indianapolis Rail Road,	1,269,672 37	61,772 62	2,628 51		3,379 44	142,976 08	11,949 31	634 68	1,493,013 01
Indianapolis and Lafayette Rail Road,	60,807 56	10,972 11						402 74	72,182 41
New Albany and Vincennes Road,	604,702 64	40,394 36		6,051 74	1,300 00			1,962 82	654,411 56
Jeffersonville and Crawfordsville Road,	324,981 26	38,677 65	100 00	8,049 28				924 54	372,732 75
Grand Rapids Wabash River,	3,461 07	3,571 02		2,500 00				6 80	9,538 89
Wabash and Erie Canal east of Tippecanoe,	5,378,101 20	338,931 58	61,185 51	116,089 49	24,942 72	142,976 08	11,949 31	12,775 65	6,086,951 54
	1,854,036 59	119,325 81	16,778 40		50,371 45				2,041,012 26
Total,	7,232,137 79	458,257 39	77,963 91	116,089 49	75,814 18				8,127,963 80
Add general contingent expenses of Board of Int. Impr., including the purchase of Instruments, &c., applicable alike to all the works,									36,564 41
Total expenditure on all the works up to this date,									\$8,164,528 21
NOTE.—The total in the column of contingencies of construction, including the Wabash and Erie Canal is,									\$458,257 39
To which add general contingencies,									36,564 41
From which deduct for preliminary surveys, of the various routes surveyed in 1835,									
Also, deduct for damages for purchase of ground for State purposes, on the canals and roads, and for locomotives, cars, &c., improperly charged to this account by the commissioners,									\$40,290 40
Also for expenses of Canal Land office for 10 years, including half the salary of the acting commissioner and for expenses of selecting lands, experimental surveys on the Wabash & Erie Canal, damages, &c., improperly placed in this column,									50,000 00
									23,500 00
Total expenditure properly chargeable to the superintendence and other contingent expenses of construction, which is 5½ per cent. on the sum paid for construction.									113,790 40
									\$81,031 40

(To follow page 86.)

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ABSTRACT B,

[Doc. to Governor's Message.

Showing the dates of the laws authorizing the sale of Bonds, their date and amount, when reimbursable, to whom sold, rate of interest and sale, for what purpose sold, proceeds, amount received and amount yet due.

Date of law authorizing the loan.	Date of Bonds.	When reimbursable.	Amount of the bonds.	To whom sold, &c.	Rate of Interest.	Rate of sale.	For what purpose sold.	Proceeds of sale and amount for which hypothecated.	Amount received.	Amount yet due.
Jan. 1832	1st July, 1832	1862 to 1885	100,000 00	J. D. Beers & Company,	-	6 per cent.	\$ 113 26 Wabash and Erie Canal,	\$113,260 00	113,260 00	
" 1834	" 1834	1854 to 1864	500,000	Prime, Ward & King,	-	5	101 05 State Bank,	505,250	505,250 00	
1832, 1834	" Jan'y 1835	1866 to 1886	300,000	same,	-	5	102 05 Wabash and Erie Canal,	306,150	306,150 00	
1834	" July, "	1866 to 1886	65,257 42	Secretary of War,	-	5	107 same,	69,825 44	69,825 44	
1834, 1835	" "	1866 to 1886	200,000	J. J. Cohen, jun. & Brother,	-	5	105 same,	210,000	210,000	
1834	" "	1855 to 1865	400,000	same,	-	5	104 50 State Bank,	418,000	418,000	
" "	" "	" "	50,000	Prime, Ward & King,	-	5	104 50 same,	52,250 00	52,250 00	
1835	" "	1866 to 1886	40,000	same,	-	5	105 Wabash and Erie Canal,	42,000	42,000	
1835	" 1836	1866 to 1886	100,000	J. J. Cohen, jun. & Brother,	-	5	100 same,	100,000	100,000	
1835	" "	1866 to 1886	2,742 58	Secretary of War,	-	5	107 same,	2,934 56	2,934 56	
1834	" "	1856 to 1866	440,000	Thos. Biddle & Co. & M. C. & B. Co.	-	5	101 State Bank,	444,400 00	444,400 00	
1836	" "	1861	400,000	J. J. Cohen, jun. & Brother,	-	5	100 Internal Improvement,	400,000	400,000	
" "	" "	" "	450,000	T. Biddle & Co., & M. Canal & B. Co.	-	5	101 same,	454,500 00	454,500 00	
1835	" "	1866 to 1886	139,000	same,	-	5	101 Wabash and Erie Canal,	140,390 00	140,390 00	
1836	" "	1857	100,000	Lawrenceburgh and Indianapolis Rail Road Co.	-	5	100 Law. & Indianapolis Rail Road,	100,000	100,000	
1836	" 1837	1866 to 1886	30,000	Christmas, Livingston & Company,	-	5	100 Wabash and Erie Canal,	30,000	30,000	
" "	" "	" "	350,000	Morris Canal and Banking Company,	-	5	102 same,	357,000	357,000	
" "	" "	1862	400,000	same,	-	5	100 Internal Improvement,	400,000	400,000	
" "	" "	" "	1,050,000 00	same,	-	5	102 same,	1,071,000 00	1,071,000 00	
" "	" "	" "	200,000	same,	-	5	103 same,	206,000	206,000	
" "	" "	1857	121,000	Lawrenceburgh and Indianapolis Rail Road Co.	-	5	100 Law. & Indianapolis Rail Road,	121,000	121,000	
" "	" 1838	1862	40,000	Staten Island Whaling co.	-	5	100 Internal Improvement,	40,000	40,000	
" "	" "	" "	300,000	Western Bank of New York,	-	5	100 same,	300,000	60,000	240,000 00
" "	" "	" "	100,000	Erie County Bank,	-	5	100 same,	100,000	100,000	
" "	" "	" "	100,000	Detroit & Pontiac R. R. Co.	-	5	100 same,	100,000	10,000	90,000
" "	" "	" "	60,000	Staten Island Whaling Co.	-	5	100 same,	60,000	60,000	
" "	" "	" "	1,000,000 00	Morris Canal and Banking Co.	-	5 Sterling.	100 same,	1,000,000 00	1,000,000 00	
" "	" "	" "	200,000	same,	-	5	90 same,	180,000	180,000	
1838	" Jan'y, 1839	1869 to 1889	400,000	same,	-	5	90 Wabash and Erie Canal,	360,000	207,724 20	152,275 80
1836	" "	1868 to 1874	1,000,000 00	same,	-	5 Ster.	98 State Bank,	980,000	20,000	960,000
1836	" "	1863	600,000	same,	-	5 " 100 "	Internal Improvement,	800,000		
" "	" "	" "	200,000	same,	-	5 " 98	same,	196,000		
" "	" "	" "	232,000	same,	-	5 " 88	same,	204,160 00		1,273,107 28
" "	" "	" "	380,000	same,	-	5 " 88	same,	334,400 00		
" "	" "	" "	190,000	same,	-	5 " 88	same,	167,200 00		
" "	" "	" "	300,000	same,	-	5 Ster. 100	same,	300,000		
" "	" "	" "	20,000	Binghampton Bank,	-	5 88	same,	17,600 00	17,600 00	
1839	" "	1864	294,000	Branches of State Bank,	-	6 100	4th Inst. U. S. Surplus Revenue,	294,000	294,000	
1836	" "	" "	300,000	Merchant's Exchange Bank,	-	5 96	Internal Improvement,	192,000		192,000
" "	" "	" "	35,000	Bank of Commerce,	-	5 96	same,	33,600 00		33,600 00
" "	" "	" "	47,000	Bank of North America,	-	5 88	same,	41,360 00	1,360 00	40,000
" "	" "	" "	221,000	Madison Company,	-	5 88	same,	194,480 00	194,480 00	
" "	" "	" "	95,000	same,	-	5 88	same,	83,600 00	83,600 00	
Feb. 1841	1841	1843	30,000	Various persons.	-	7 Sterling. 100	Payment of Interest,	30,000 00	30,000 00	
			*404,000 00	same,	-	5	Sold to pay int. and hypothecation	131,175 00	131,175 00	
			*665,000 00	Yet unsold,	-		Under hypothecation.	144,697 75	144,697 75	
			12,751,000					11,828,232 75	8,732,205 04	3,040,972 08

*The Bonds were not registered, and it cannot be safely determined to what particular fund they belonged. They consisted of bonds previously executed for various purposes, being different dates, and reimbursable at different periods.

The whole public debt is as follows—

1. Total amount of bonds disposed of for every purpose whatsoever, - - - - - \$12,751,000 00
2. Stopped amount of Treasury Notes outstanding, including interest, - - - - - 1,385,000 00
3. Amount due State Bank for advances on the public works in 1839, including interest to Oct. 30, 1841, - - - - - 693,146 00
4. Unpaid instalment of interest still due, deducting \$30,000, seven per cent. bonds given for coupons, - - - - - 259,000 00

[To follow page 86.]

Total, \$15,088,146 00

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is pretty certain, that very little of it can be collected in time to be used for any immediate purpose.

The public debt of the state may be arranged under three different heads.

First, That part upon which the interest can be paid without a resort to taxation. This includes the following loans, viz.

1st. Original loans to create bank stock,	- - -	\$1,390,000
2d. Advanced to the Bank in anticipation of the 4th instalment of the Surplus Revenue,	- - -	294,000
3d. Advanced to the Lawrenceburgh and Indianapolis Rail-road Company,	- - - - -	221,000
Total,	- - -	\$1,905,000

Second, The Treasury Notes remaining in circulation. The whole amount issued up to the first of November, 1840, was, 1,450,000 dollars. The amount which has not been returned to the treasury is estimated at 1,300,000 dollars. These bear interest from their date until redeemed, at the rate of six per cent. per annum.

Third, This part of the public debt consists of all those liabilities of every description exclusive of the treasury notes upon which interest is demandable, and for the payment of which no adequate means are at present provided.

These may be stated as follows :—

1. Bonds sold for the Wabash and Erie Canal,	- - -	\$1,727,000
2. Bonds disposed of for Internal Improvement purposes,	- - -	7,050,000
3. Principal due the State Bank for advances on the public works,	- - - - -	641,500
4. Hypothecated Bonds sold and unsold,	- - -	*1,069,000
5. For Bonds sold to the Morris Canal and Banking Company, to increase the capital stock of the State Bank, nearly,	- - - - -	1,000,000
Total,	- - -	\$11,487,500

This sum bears five per cent. interest, except 100,000 dollars of the Wabash and Erie Canal loan, and the amount advanced on the public works, by the bank, which bear six per cent.; and about 30,000 dollars of seven per cent. bonds recently disposed of in payment of interest. The annual interest on the above sum may be set down at 582,440 dollars. If we add to this the amount to be paid for exchanges, commission, expenses, &c. the least amount necessary to discharge the interest on the above part of the public debt, will vary but little from 615,000 dollars annually.

To pay this amount of interest, the state possesses the following means, which may be relied on with certainty :

1st, The interest on the proceeds of sales of the Wabash and Erie Canal,	- - - - -	\$24,000
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*The unsold (\$665,000,) will not draw interest until sold under the hypothecation

2d. Interest from Surplus Revenue,	-	-	\$32,000
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Total,	-	-	\$56,000
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Which being deducted from the preceding sum of \$615,000 leaves the annual interest due under the third head, at the sum of \$559,000.

The proceeds from tolls, water-rents, &c. on the public works, will be absorbed in expenses and repairs, for some time. And all other extraordinary sources of revenue brought into the estimates usually made, are too uncertain to be relied upon at present. But I think it may be calculated safely that in five years, should Ohio complete her portion of the work as soon as expected, the tolls and rents derived from the Wabash and Erie Canal, when added to the annual interest received from the sale of canal lands, will be sufficient to pay the interest on the loan for its construction.

It will be discovered from the foregoing statements that we have a two-fold debt pressing heavily upon us, from which immediate relief cannot be expected, namely, the sum actually expended on the system of Internal Improvements adopted in 1836, comprising works which are not in a situation to yield any profit, and also the suspended debt upon which the accruing interest is to be paid, although the State has not received any part of the principal.

It is due to ourselves in this state of our affairs, to examine into some of the prominent causes which have produced the present embarrassments. The first of these is doubtless to be found in the number of large and expensive works, embraced in the system of Internal Improvements, and their simultaneous prosecution. Also the unexpected increase in the prices of provisions, labor and materials was such that a sum much greater than the original estimates was required for the construction of the public works. Two great errors were committed in the progress of the system. The first was paying the most of the interest out of the money borrowed. This subjected the State to the payment of compound interest, and the people not feeling the pressure of taxes to discharge the interest, naturally became inattentive to the policy which was pursued. Had the legislature commenced by levying taxes to defray the interest as it accrued, its amount would have been a certain index to the sums expended on the works. This of itself would have done much to check extravagant expenditures. The second error was selling bonds on credit. This finally led to the most disastrous consequences, and it constitutes a prominent cause of the failure of the State, to progress with the general system of improvements, that those companies to whom bonds had been sold on time did not comply with their contracts. During the Summer of 1839, several very important works were rapidly progressing to completion. Loans had been negotiated with the Morris Canal and Banking Company, and other Companies of less note, amounting to nearly two millions of dollars, and generally, the proceeds were to be paid to the State in monthly instalments, so as to enable the canal commissioners to meet their engagements, with contractors on the public works. Every thing seemed to be moving forward as pros-

perously as could be desired until the month of August, 1839, when these Companies became unable to fulfil their contracts. As a matter of course operations on the public works ceased immediately, except on the Madison and Indianapolis Rail Road, for which a special loan had been made with a company in Madison. In a very short time the situation of the country became such, that money to progress with the works could not be obtained from any quarter.

But the enumeration of the causes which produced our present embarrassments does not stop here, particularly as relates to the non-payment of interest. The legislature at the last session made provision for the payment of interest, and the redemption of Treasury notes by authorizing the sale of bonds, to bear not exceeding seven per cent. interest, and by directing the levy of a tax of forty cents on each hundred dollars of the grand assessment. As is well known, the Fund Commissioner could not dispose of bonds on the terms required by the legislature. Nothing could be realised in the collection of taxes soon enough to meet the July instalment of interest. But this is not all. The act of 1840, authorizing the issue of the Treasury notes, made them receivable for taxes, and it will be found when the revenue of the present year shall have been paid into the Treasury, that most, if not all of it, will be returned in Treasury notes—which by law are required to be destroyed as they are received by the Treasurer of State. And the amount of these notes still in circulation must prevent us, for several years, from deriving any available means from the collection of taxes, with which to liquidate any part of the interest on the State debt. The condition of the suspended debt is such, that although portions of it may be collected, yet we cannot procure it to pay interest as it falls due.

Such is actually our condition, and candor and justice to ourselves, and to our creditors, require us to acknowledge, that we have neither under our control nor in prospect, for some time to come, the means to discharge the interest on the whole of our public debt.

It is true we might by the sale of bonds greatly below their nominal value, manage to meet our liabilities for the present, but owing to the vast depreciation of our bonds, the debt of the State would soon be augmented to a sum so large that it would be impossible under the most favorable circumstances, to sustain its accumulated weight. Such a line of policy must in the end, lead to a failure more disastrous and oppressive in its consequences, than to pause at the present period of our difficulties. Heavy sacrifices to pay interest will add to the existing burdens of the State, without the most remote promise of ultimate relief, although this may not be true in respect of measures, to secure the completion of some of the best works. The sum which it would be necessary to lose in order to pay our interest at the present selling price of our bonds, if properly and prudently applied annually, would do more to relieve the State and calm the fears of judicious creditors, than large and continued sacrifices to meet the interest while permitting the works to decay.

Nevertheless it becomes us to leave no efforts untried to recover our

former position. Indiana possesses an enterprising and a rapidly increasing population. The natural resources of the State as they shall be developed by the industry of her citizens will add continually to her wealth, and this very addition will result in a constant relative diminution of the burdens of the public debt. It is our misfortune that we cannot preserve the faith of the State unimpaired. Still we should not despair of recovering from our difficulties while any means remain within our power with which we can work. Although whatever means available at present, are insufficient to pay all the interest, on our internal improvement debt, yet can we not with these, and such other resources as can be reached, properly and prudently applied, place the State in a situation to pay her debts, and finally redeem her sunken credit. Unless infamy is to be sought in the suicidal measure of repudiating the public debt, and we furthermore adopt the destructive policy of abandoning all the public works comprized in the act of 1836, thus throwing away at a dead loss forever, all that has been expended, the State could not do better than to collect all her scattered means, which can be made available and with a determined effort, endeavour to place some of the most valuable works, in a condition to become profitable.

So far as it can be done consistently with the public good, and the pledged faith of the State, and without granting privileges which may prove detrimental to the future interests of the citizens, the State would do well to secure the assistance of companies, who may be willing to contribute towards the construction of the public works. That companies can be found to embark to any great extent in an enterprize of this character, I do not believe. Nevertheless on some of the lines it is currently understood that associations of individuals can be induced to step forward, and invest funds in the shape of Stock to an amount which will afford efficient assistance in the completion of those works.

Noah Noble, Esq., the Fund Commissioner, has been assiduously engaged through the present year in the duties of his office. Your most earnest attention is invited to his very full report, which will be laid before you. Its magnitude and the variety of topics, relating almost exclusively to the suspended debt, and the collateral securities taken to secure its payment, forbid my attempting any particular statement of its contents. You will perceive from the report that the greater part of the suspended debt is involved in doubt and difficulty. Every fair and impartial mind must receive the impression, that Indiana has been in many instances the victim of preconcerted imposition and fraud. If broken banks were to be resuscitated for dishonest purposes, Indiana Bonds were obtained by the projectors to aid in the enterprise. If clamorous creditors were to be satisfied, it is to be feared that they sometimes lent assistance to their debtors, in cajoling our agents out of the bonds. If heavily operating institutions were involved in extensive speculations under which they must sink, unless a powerful effort were put forth, Indiana bonds were procured at nearly their par value, and thrown upon the money

market at reduced prices, to raise the means of meeting a pressing emergency. There is nothing pleasant in arriving at these conclusions, nor in expressing them, but while so much is said in a spirit of reproof, on the subject of Indiana protecting her credit under such a complication of difficulties, we ask to have it remembered, that some of those upon whom we relied for the means of progressing with our public works, have not kept their faith with us. How much soever we may be obnoxious to censure, as a State, for the inconsiderate manner in which the system of Internal Improvements was projected and prosecuted, it is our misfortune, and not through any dishonest intention, that we occupy our present position. Could we collect the whole or even a moiety of the suspended debt, much could be accomplished in sustaining the faith of the State. It was the creation of this debt, which put a stop to the operations on the public works, and its weight is now crushing the energies of those, who are struggling to sustain the credit of Indiana.

As to our own public agents identified with these transactions, so far as any of them have wilfully violated their duty, they should answer therefor to the proper tribunals of the country. You will of course, in justice to all concerned, give this subject a fair and impartial investigation, and if necessary, direct such proceedings as justice and the interests of the State may demand.

In presenting the preceding details, views, and remarks, respecting the condition of the affairs of the State, and of the suspended debt, I have found no pleasure. An imperious sense of duty has alone induced me to adopt the course I have pursued on this occasion. As regards the public works, the State debt and our future prospects, it can subserve no useful purpose to ourselves, nor to our creditors to conceal our real situation. When all know the ground upon which we stand, the wisdom of future measures can be fully appreciated, the object at which our exertions should be aimed, can be more clearly perceived, and fully understanding the premises, the probabilities of a favorable result can be the more readily estimated by ourselves, and those to whom we may look for assistance.

At the session of Congress before the last, the claim of Indiana was confirmed to an additional quantity of land, to be applied to the continuation of the Wabash and Erie Canal, to Terre Haute; and the selections of land made by the State authorities have been recognized and allowed by the General Government. During the past summer, a survey and estimate of the cost of this work was made by an experienced Engineer, the expense of which was defrayed by the citizens of the counties through which the Canal will pass. The surveys and estimates will be laid before you, with the proper explanations. These lands were claimed by the State, and her claim was allowed by Congress for a particular object, and it will devolve on the present legislature to determine, when, and how, it shall be applied to the accomplishment of that object.

Some modification of the laws, respecting the officers employed on the public works, is advisable, with a view to the most rigid economy

consistent with the general interests. Agents to superintend the works already finished, and preserve the public property on the unfinished portions of the works, will be requisite. The office of chief Engineer, it is believed, may be dispensed with for the present, as the services of Engineers for operations on any particular line can at all times be procured. In this opinion the chief Engineer and his colleague on the Board of public works, both concur. It is not very material, what particular mode is adopted in reference to these matters, so that the interests of the State are sufficiently protected, and those retained in her service are competent, and under a proper supervision.

The affairs of the State bank will claim your attention. As exhibited on the 30th of October 1841, the condition of the bank was as follows:

MEANS :

Discounted notes and bills of exchange, - -	\$3,708,158 06
Balances due from, and notes of other banks,	417,040 82
Specie, - - - - -	1,127,518 60
Other resources, - - - - -	1,395,492 73
Total, - - - - -	<u>\$6,648,210 21</u>

LIABILITIES.

Notes in circulation, - - -	\$2,940,414 00
Individual deposits, - - -	251,986 41
Other liabilities, except those for the stock and its profits, - - -	294,784 46
	<u>3,487,184 87</u>
Balance being amount of State and individual stock, and undivided profits, - - -	\$3,161,025 34
	<u>\$6,648,210 21</u>

It is to be remembered that in the year 1839 the State used \$641,461.00 of the means of the Bank, upon which not even the interest has been paid, and to this amount is restricting the power of loaning to the citizens. As a matter of course, the bank, like individuals, feels the pressure of the times, and it has become almost essential to the existence of some of the branches that this debt should be liquidated.

The subject of resuming specie payments has been frequently pressed on the western banks. It is difficult to foresee all the conse-

quences of such a measure, but one thing is certain, that a change in the times for the better, will not be fully established until there has been a return to a specie paying currency, resting on a durable basis. Still the only permanent remedy of the present distress is to be found in the removal of individual indebtedness. Such a result must be produced mainly by the profits arising from the sale of the staple exports of the country, and the interchange and transfer of property, and the surplus productions of labor in the payment of debts; and a well regulated currency, and equal exchanges are most important agents in facilitating that part of these operations, in which money is requisite in buying and selling, or to pay debts at home, and especially abroad.

It must, however, be borne in mind that another crisis is before us, in which every kind of property will be liable to a further depreciation. Just as soon as the banks resume, whether immediately or at some distant day, those banks, unable to withstand the shock, must sink, the most, if not all of them never to rise again. As most of these have a large circulation, a vast amount of paper money depreciated in value, or proving worthless in the hands of the holders, will add to the disasters of the times. At the resumption of specie payments, the paper of all those banks unable to redeem their liabilities in gold and silver, must suffer a depreciation which will render it nearly valueless in the payment of debts, until it shall have undergone the shaving process of the broker's office. One matter which materially effects the present embarrassments, consists in the great declension in prices, the real effect of which is the same as if the entire indebtedness of the country had been increased in a similar proportion to the reduction which has taken place in the value of labor, and every kind of transferable property. A like result may be produced by causing a depreciation of the circulating medium. Whenever the leading banks in the West shall have commenced paying specie, their paper must rise to the specie standard, the amount of their circulation will be rapidly diminished, and for self protection not be thrown out again, until it has been clearly ascertained what banking institutions have survived. The paper which must depreciate, and it may include the Treasury Notes of this State, will remain for the debtor, who will discover most unexpectedly, that his debts have been in effect enlarged by the increased amount of such paper which it will require to pay those debts contracted, at home and abroad, with reference to a more uniform state of the currency. Whatever consequences may spring from a resumption, I fear those will be deceived who urge the measure, under the belief that it will, unaided by other measures, prove an effectual remedy for the distracted condition of the trade and commerce of the country. The origin of the evil lies farther back, than the refusal of the banks to pay specie. The suspension is but one of the many consequences which have flowed from overbanking, overtrading, and from wild and reckless speculation, through which wealth was sought by new and untried schemes, that have brought nothing but ruin and bankruptcy to the projectors.

The time for resumption should be selected with caution, and neither

precipitated nor delayed, except for sufficient reasons. It, however, may not be amiss to remark, if many banks of doubtful solvency continue increasing their circulation, which in all probability must prove worthless in the end, the sooner the resumption takes place, the better for the country. When the banks shall undertake to redeem their liabilities in specie, they must be sustained as far as possible, for a general failure in the effort, would but augment the disasters and difficulties, which have perplexed the trade, business and moneyed concerns of the country, for the last few years. In the meantime, if we wish to hasten the approach of better times, we must live cheaper, pay our old debts as fast as our available means will enable us, even if some considerable sacrifice is required, protect the industry of our own citizens against the ruinous competition of low prices and scanty wages in Europe, and secure a sound and equal currency for the trading and commercial operations, of every portion of our common country.

As respects the State Bank of Indiana, it can, no doubt, resume at the earliest day the leading Western Banks will name. Whether it can do so at an earlier period, without permanent injury to the Bank itself, irrespective of the general welfare, is a question concerning which a more correct opinion can be formed, when the condition of the branches shall be exhibited through their annual reports to the legislature. Rash measures in reference to this subject are to be deprecated; for should the Bank be crushed under a premature attempt at resumption, the people will be deprived of a currency which has always been eagerly sought after, and that portion of the State debt invested in bank stock, which has hitherto met its own interest, and yielded a handsome profit besides, to the State, must be added to the debt to pay the interest upon which, no means exist except a resort to direct taxation: I say added to it, because the State has now nearly half her share of the capital drawn out, and the losses, incident to a sudden winding up of the concerns of the bank, would well nigh dissipate the balance. As to the general management of the bank, the strictest scrutiny should be exercised for the correction of all abuses, which may be found to exist, in order to sustain its character and usefulness, as an institution in which the people of the State have a deep interest.

The act authorising the issue of Treasury Notes provided that they should be issued of the denominations of fifty and of five dollars, in an equal amount of each kind. The larger notes have proved inconvenient for circulation, and for the payment of taxes, and have suffered and are still liable to a greater depreciation than those of the less denomination. It is believed that it would be highly beneficial to the public generally, if provision were made by law for the State to take up the fifties, by substituting in their place notes of five dollars. As the State can lose nothing by the operation, no good reason can be conceived why this should not be done immediately, the more especially as it is now settled that they must remain in the hands of the people, until they can be taken up in the collection of the State

revenue. Under existing circumstances bonds cannot be sold for their redemption, and it will require every exertion to prevent their depreciation. Their value as a circulating medium, for which they have been used must now depend on the facility with which they can be applied to the payment of taxes, and the demand created for them, by the amount of taxes to be collected.

From the report of the Treasurer of State which will be laid before you, it will be seen that the balance remaining in the Treasury on the 31st of October last, being the close of the fiscal year is \$29,774,93.

The report of the Auditor of State, which will be laid before you, shows the assessments of the present year from which the revenue of 1842 is to be derived. It appears that the whole taxable property of Indiana is valued at \$95,513,763, showing an increase over the assessments of the previous year of \$5,762,978. The number of polls returned are 103,746, showing an increase in the number of polls, of 3,458. The revenue received the present year for State purposes will be \$459,384,55. This amount is derived under the law directing an annual permanent tax of forty cents to be levied each year on the grand assessment for Internal Improvement purposes, and seventy-five cents on each poll to pay the current expenses of the State Government. These expenses are estimated for the ensuing year at \$92,750,00.

The present Librarian of the State in the faithful discharge of his duties has placed the library in excellent condition. Many books which were supposed to be lost, have been recovered by him, and some valuable additions have been made by purchase under the law of the last session on that subject. Being entrusted with the care of the capitol, close attention has been given by him to the preservation of the house and its furniture, and it is hoped that the improvements in its arrangements will prevent that want of comfort and loss of health so much complained of amongst those by whom it has been previously occupied. Some extension of the privileges of the Library, it is believed is necessary to carry out its original design.

The condition of the State Prison claims your especial regard. At the last meeting of the Legislature, provision was made by law for a partial reorganization of its government and discipline, to go into operation at the expiration of the term of the Superintendents then in office, which took place on the 14th of last June. In pursuance of the Act just named, vesting their appointment in the Executive, Joseph R. Pratt and John McDougal, Esqrs., were appointed Superintendents of the State Prison—Mr. William Collum, Clerk, Dr. Samuel Merriwether, Physician, and the Rev. Fernandez C. Holliday, of the Methodist Episcopal Church, Chaplain—all of whom entered upon the discharge of their duties according to law. Herewith, I lay before you the report of Dr. Samuel Wort visiter, of the Prison, for the present year. He gives a full account of the state of the Prison, and makes many valuable suggestions in favor of remodelling the whole system.

During the past summer, while in the Southern part of the State, I made it a point to spend a short time in examining the Prison, its discipline and its adaptation to the purposes for which it was established. While I can freely express my satisfaction with the management of

the Superintendants, so far as it came under my observation, and in favor of the provisions of the law of last winter, as far as they went, I have no hesitation in saying that the Prison itself, and the entire policy of its discipline, as established by law, cannot be too soon abandoned for the character of the State. The country has been full of rumors, for many years, of mismanagement and want of proper attention on the part of the Superintendents; but it needs only a hasty examination of the entire concern, to satisfy the most dull observer, that no man, or set of men, the best qualified that can be found, would be able to succeed in the management of the present Prison, as such an institution ought to be conducted. The Prison itself, is entirely too small, and the buildings are ill-designed and worse constructed. When the additional buildings, contemplated by the Act of last session, shall be completed, the space within the walls will be so nearly filled up, that it will be impossible to employ the convicts in the limits of the Prison, with advantage to the Superintendents, or the State. Indeed, suitable workshops, with the requisite light and air, and properly ventilated to secure the health of the prisoners, cannot be obtained without procuring an additional lot of ground, which cannot be done except at a very extravagant price.

The location of the Penitentiary on the Ohio river, in the immediate vicinity of a flourishing commercial city, furnishes every facility for the profitable employment of the convicts; and a removal to a distance from Jeffersonville is not to be desired. The ineligibility of the present site, however, is very obvious. The Prison is situated within the incorporated limits of the Town, with dwellings of the citizens near it. The practice has been for many years, and I apprehend it cannot be entirely changed until more room is obtained, to employ a part of the convicts at labor without the Prison, and it has been the cause of much just complaint on the part of the citizens of Jeffersonville, that they are daily compelled to witness convicted felons mingling with the population of the town. Situated where the Prison is, its management must, and does frequently bring the officers of the institution in conflict with the police of Jeffersonville.

It is submitted to your consideration, whether it would not be expedient and proper to so far change the present situation of the Prison, as to establish it without the limits of the town of Jeffersonville. It is believed that a suitable site, containing the requisite space, can be procured for a reasonable sum at a short distance from the Town, which will secure all the benefits of the present location, without any of its disadvantages. It is said that good stone of the proper kind, can be procured, and delivered at Jeffersonville at a low rate. A part of the prisoners might be employed in dressing and preparing this stone for the erection of a new Penitentiary. To effect this object it would only be necessary to change the existing contract with the Superintendents, so far as to permit them to discharge the amount they have already agreed to pay the State, annually, for the labor of the convicts, in the preparation of materials, and the erection of the necessary buildings. As soon as the cells would be finished, the materials of the

old Prison could be applied to the erection of walls and shops for the new Prison. With very little additional aid from the State, all the glaring defects of the present system might be avoided, and the improvements in prison discipline, which the experience and humanity of the age have produced for the reformation, connected with the punishment of convicts, could then, and not until then, be applied to the Penitentiary system of Indiana.

When Indianapolis was established as the seat of our State Government, upon lands granted by Congress for that purpose, a lot of ample size was reserved by the State for the purpose of a Lunatic Asylum. Nothing has been done heretofore by the Legislature to carry out the object of this reservation, although the example of several neighboring States, has been constantly before us for many years. In all the legislation respecting the insane, they have only been regarded as incapable of self-government. No provision has been made for the establishment of an institution, where they may be placed and submitted to proper medical treatment. The question is left for your decision, whether and by what means the object of the above reservation shall be effected.

The situation of the deaf and dumb in this State calls for some legislative interference. By the last census it appears that there are in this State 305 deaf and dumb persons, and our Statute books remind us that no provision has been made for their instruction. In this matter, Indiana is behind the times. The comprehensiveness of modern systems of education embraces means of instruction adapted to the capacities of this unfortunate class, by which they are readily enabled to acquire knowledge and communicate their ideas. The Constitution makes it the duty of the General Assembly to provide by law for a general system of Education, wherein tuition shall be equally open to all. A full compliance with this fundamental rule of our State Government, cannot be secured, until an Institution is provided for those, who are susceptible of an education, but to whom it cannot be imparted by the ordinary means of instruction.

As connected with the perpetuation of free principles, and the stability of our Government, no subject is of more vital importance, than the general diffusion of knowledge, from its elementary principles, to the highest grades of learning. Our State constitution has imposed it upon the General Assembly "to provide by law for a general system of education ascending in a regular gradation from Township Schools to a State University, wherein tuition shall be gratis, and equally open to all." Although there has been much legislation, but little progress has been made in the perfection of such a system. It may be that a principal cause of failure is to be found in the fact, that too much reliance has been placed in devising particular systems, which, of themselves are expected to produce the desired result, without any reference to the peculiar state of society, or the means which can be commanded to carry out those systems. It is almost impossible to ascertain the amount, or condition, of the funds appropriated for the benefit of common schools. Are these funds in

a situation to be applied as appropriated? What amount can be relied upon—and is the entire amount sufficient to answer any valuable purpose, or is it necessary to make additions to the funds, already designed to aid in a compliance with the requisitions of the constitution? Until these matters are clearly ascertained, every system of common school education must necessarily prove inefficient. This consideration points to the propriety of appointing some suitable agent or agents to examine into, and report the general condition of the school funds of the State, that future legislatures may be fully advised of the particular legislation, necessary, to accomplish the design of that admirable feature in our constitution, to which your attention has been invited.

The fines and forfeitures in criminal cases have been set apart as a fund, for the establishment of county Seminaries. How it is managed or applied, is, under the present laws, unknown to the legislature. It is respectfully suggested that some plan should be adopted, by which the amount and mode of managing this fund in the respective counties, may be annually reported to the General Assembly.

The interests of the State University, endowed by the munificence of the General Government, are entitled to your especial attention. To make that Institution prosperous, useful and permanent, will require a constant supervision of its affairs, and its fund should be protected with the most watchful vigilance. I am in possession of no facts, from which I can give any account of the progress of the Institution during the past year.

I have endeavored thus to lay before you the condition and wants of the State, as fully as the means within my power would enable me, with such suggestions as seemed important for your consideration.—There is, as you will perceive, little in the aspect of our affairs, upon which we can look with pleasure. It is difficult to foresee the result of the present state of things, and equally as difficult to determine, what particular remedy should be applied. The involvement of the citizens, while adding to the embarrassments of the affairs of the State, increases the amount of responsibility resting upon us. There never has been a time in the history of our State when a spirit of forbearance, firmness of purpose, and an entire abandonment of all selfish designs were more imperiously required of those, entrusted with the management of her concerns.

It will at all times afford me the most sincere pleasure, to unite with the Legislature, in the adoption of measures to promote the welfare, and retrieve the credit of the State. Coming to your duties immediately from the people, you will be well informed of their peculiar wants and necessities, and whatever you may adopt for the relief of the community, at the same time impartially securing the just rights of all, shall receive my most willing sanction. May all your labors be signalized by harmony of action, and followed with the most beneficial results to our common constituents.

SAML. BIGGER.

EXECUTIVE CHAMBER, }
December 7, 1841. }

REPORT
OF THE
TREASURER OF STATE,
IN RELATION TO THE SURPLUS REVENUE.

NOVEMBER, 1841.

TREASURER'S OFFICE,
INDIANAPOLIS, Nov. 1, 1841. }

To His Excellency, Samuel Bigger,

Governor of Indiana.

SIR :—I have the honor herewith to lay before you abstracts of the reports made to this office for the quarters ending November 30th, 1840, February 28th, May 31st, and August 31st, 1841, by the agents for loaning the surplus revenue of the United States, deposited with this State under the act of Congress of the 23d June, 1836.

The neglect of these agents to make regular and proper reports to this office, I find to have been a subject of complaint ever since the commencement of the system, and there has been but little improvement in this respect in the last year, as will be seen from an examination of the abstracts presented. Desiring a reformation in this respect, I addressed a circular to the several agents, calling attention to these missing reports and requiring greater punctuality for the future; at the same requesting such information of previous operations and the present condition of the fund as would enable me to present a satisfactory report on the subject. Answers to these communications are expected at the close of the present month, and if attended

to will bring the business up to the present time, and afford to this office and the agencies a common starting point for future operations, which, it is hoped, will be conducted with more regularity than heretofore. Should, however, the necessary punctuality not be thus attained, I shall feel myself imperatively required to enforce the penalties provided by law for such delinquencies.

Not only the loaning agents, but clerks and school commissioners have been very negligent in the performance of their duties connected with this trust. The penalties now provided by law are sufficient to enforce obedience from the loaning agents and county clerks, but there seems no adequate punishment for the delinquencies of the school commissioners, without whose co-operation there is no sufficient check upon the loaning agents; and I would respectfully recommend that this defect be presented for the consideration of the General Assembly.

There is also another difficulty which may frequently occur and which requires legislative action. The evidence against defaulting agents often consists of the papers on file in this office, and there is no law permitting copies or official statements to be used to obviate the necessity of removing from the files valuable papers and endangering their safety. A provision similar to the one contained in the law relating to the three per cent. fund, will meet the difficulty and be found valuable in practice.

By an act of the last General Assembly, it was provided that this fund should be invested in bank stock, unless the boards doing county business should, at a special session to be held on the second Monday of August last, determine otherwise.

No provision was made by which the result of this action by the county boards should be made known and collected here. But conceiving it to fall within the duties of this office, I addressed letters to the county auditors, requesting to be furnished with copies of the proceedings had on this subject. Answers have been received from all the counties except Posey, and I herewith present a list of the counties which place their surplus revenue fund in bank stock, and another of those counties which refuse to do so. The result is, that the fund in eighteen counties is to be vested in stock. In thirteen of these counties by the direct vote of the board doing county business, and in five, viz: the counties of Carroll, Floyd, Miami, Porter and Wabash, by the failure of the board to act upon the subject. Sixty-three counties vote to retain the fund in the counties; among these I have placed the county of Spencer. In that county no meeting was held on the proper day, owing to the absence from the county of the members of the board; but on the 19th day of August at a meeting of the board it was determined to retain the fund in the county. The law, as it stands, makes no provision for such a case, and it will therefore require legislative interference to carry out the wishes of that county, as thus expressed.

Respectfully submitted,

GEO. H. DUNN. *Treasurer.*



Tabular Statement of the operations of the Agencies for loaning the

COUNTIES.	AGENTS.	Amount of interest received on loans.	Balance of principal on hand at close of last qr.	Balance of interest on hand at close of last qr.	Loans refunded.
Allen	Joseph Morgan,	152 05	1,900 00		
Adams	John K. Evans,	1 70			20 00
Bartholomew	Joshua Sims,	16 00			200 00
Boone	Addison Lane,	52 54			40 00
Brown	Wm. Taggart,	8 54	6 80	16 75	
Clark	Peter Smith,	700 00			
Clay	John B. Nees,	77 07			
Crawford					
Carroll					
Cass					
Clinton					
Dearborn	Charles W. Wright	197 22		13 78	
Decatur	A. R. Forsythe,	43 86			
Daviess					
Dubois					
Delaware	James Hodge,	37 38	65 77	37 50	300 10
Elkhart					
Fayette					
Floyd	Rob't Downey,				
Franklin	John Wynn,	2 93			36 66
Fountain	Geo. Shockey,	118 55	420 58		
Fulton					
Gibson	John Hargrove,	114 23	129 10	50 59	272 00
Green	John Jones,	82 00			200 00
Grant	Isaac Bigsaul,	28 76		136 10	
Hamilton					
Harrison	Arthur Vance,	10 20	12 50	866 62	66 00
Hendricks	W. S. Matlock,	276 26		54 71	3,252 93
Henry	Martin L. Bundy,	89 70		78 72	1,395 00
Hancock	John Milroy,	444 80		4 80	411 82
Huntington	G. A. Tate,				
Jackson	Hugh A. Findley,	42 72		41 00	275 30
Jefferson	Wm. Hendricks, jr.	73 33	1 67	102 76	916 66
Jennings	A. Andrews,	376 44			693 62
Johnson	Gilderoy Hicks,	164 80			
Jay					
Knox	Charles Polke,		15 00	60 00	
Kosciusko	Jacob Barker,	50 77			
Lawrence	A. H. Dunihue,			69 45	670 00
Jagrange	F. F. Jewett,	110 90			60 49

Surplus Revenue for the quarter ending on the 30th day of Nov. 1840.

Loans on mortgage security.	Loans on personal security.	Amt. paid over to school commissioners.	Balance of principal on hand.	Balance of interest on hand.	Suspended debt, mostly in suit.	REMARKS.
500 00	1,400 00	152 05				
	20 00	1 70				
	200 00			16 00		
	40 00	52 54				
		20 00	6 80	5 29		
		700 00				
		60 00		17 07		
						No return. do do do
		211 00				
		43 86				
	355 66	40 00	20 11	32 88		No return. do
						No return. do No business.
	36 66	2 93				
	567 88	52 00	37 70	51 55		Paid Att'y \$15 00. No return.
65 00	336 10	140 00		19 83		Att'y's fees \$5 00.
100 00	100 00	82 00				
		120 00		44 86		
	100 00	866 62		10 20		No return.
1,800 00	1,452 93	276 26		36 38		Att'y's fees \$18 23.
960 00	435 00	168 32				
	411 82	440 00		9 60		
						No business done. Att'y's fees \$10 70.
191 30	84 00	60 00		3 62		
	916 66	176 09	1 67			
	693 62	323 82				Att'y's fees \$23 25.
		164 80				
		60 00	15 00			No return.
	670 00		44 45	50 77		
	54 50	82 48	5 99	27 42		Att'y's fees \$25 00.

Tabular Statement of the operations of the Agencies for loaning the

COUNTIES.	AGENTS.	Amount of interest received on loans.	Balance of principal on hand at close of last qr.	Balance of interest on hand at close of last qr.	Loans refunded.
Laporte	B. M. Newkirk,	58 40	25 00	24	355 09
Madison	John Davis,	40 21	100 00	25 46	436 00
Marion					
Martin					
Monroe	John McKorkle,			12 38	100 00
Montgomery	W. S. Galey,	12 00			
Morgan					
Miami	Albert Cole,	56 30			300 00
Marshall					
Noble	Thos. Smith,				
Orange	Abr. Morris,				
Owen					
Parke					
Perry					
Pike					
Posey	Ezekiel Kight,				
Putnam	Isaac Mahan,	94 75	790 89	125 34	413 00
Porter	Philander A. Paine,	70 13			
Randolph	Wm. M. Way,				
Ripley	David P. Shook,				
Rush					
Scott					
Shelby	Royal Mayhew,	153 02	7 81	100 30	366 00
Spencer					
Switzerland	John F. Dufour,	94 50			286 81
St. Joseph	John McCullough,	422 74			
Sullivan	Abraham Snapp,	21 72		18 72	
Steuben					
Tippecanoe	Wm. M. Jenners,	26 66		56	133 34
Union	Elias Jarrell,	2 24	8 88		28 00
Vanderburg	Nathan Rawley,	26 47	174 20	195 60	304 01
Vermillion					
Vigo					
Warrick	Wm. Smith,	141 28	222 82		100 33
Washington	Elijah Newland,	62 88			697 94
Wayne	J. R. Lamson,	64 00			
Warren	Jas. H. Buell,	49 14	91 65	120 08	258 09
White	G. A. Spencer,				
Wabash					

Surplus Revenue for the quarter ending on the 30th day of Nov. 1840.

Loans on mortgage security.	Loans on personal security.	Amt. paid over to school commissioners.	Balance of principal on hand.	Balance of interest on hand.	Suspended debt, mostly in suit.	REMARKS.
330 00		62 00	50 00	24 65 67		No return. do
	536 00					
	100 00	12 38		12 00		No return.
300 00		56 30				No return. No business. No business. No return. do do
	509 00		694 89	220 09		No business.
		62 63				Att'y's fees \$7 50. No business. No business. No return. do
	373 81	250 00		3 32		No return.
	266 81	94 50 422 74 43 16	2 91			
133 34				27 22		No return.
	28 00	2 24	8 88			
160 00			318 21	222 07		No return. do
185 00		73 07		68 21		Att'y's fees \$25 00.
	260 00	37 88 64 00				
	290 00	100 00	59 74	69 22		No business. No return.

Tabular Statement of the operations of the Agencies for Loaning the

COUNTIES.	AGENTS.	Amount of interest received on loans.	Balance of principal on hand at close of last qr.	Balance of interest on hand at close of last qr.	Loans refunded.		
Allen	John K. Evans	13 81			100 30		
Adams							
Bartholomew							
Boone	Addison Lane	32 94	6 80	5 29	17 72		
Brown	William Taggart	7 17			100 00		
Clark	John B. Nees					22 50	
Clay							
Crawford							
Carroll							
Cass							
Clinton							
Dearborn	Charles W. Wright	137 50			100 00		
Decatur	Daniel Harris	6 03					
Daviess							
Dubois							
Delaware	James Hodge	22 18	20 11	34 88	95 00		
Elkhart	R. Downey					32 00	
Fayette							
Floyd							
Franklin	John Wynn	24 00			300 00		
Fountain	John Hargrove	41 46				20 23	
Fulton							
Gibson							
Green	John Jones				41 37		
Grant	Arthur Vance	29 94				10 20	
Hamilton							
Harrison							
Hendricks	M. L. Bundy	112 00			490 00		
Henry							
Hancock							
Huntington	John Milroy	447 00			598 79		
Jackson	Hugh A. Findlay	82 63				78 68	3 63
Jefferson							
Jennings							
Johnson	A. Andrews						
Jay	Charles Polk						
Knox							
Kosciusko							
Lawrence							

Surplus Revenue for the quarter ending on the 28th February, 1841.

Loans on mortgage security.	Loans on personal security.	Amt. paid over to school commissioners.	Balance of principal on hand.	Balance of interest on hand.	Suspended debt, mostly in suit.	REMARKS.
41 62	58 78	13 82				No report.
	11 81	32 94	5 91	None		No report.
50 00	50 00		6 80	12 46		
	22 50					No report. Report defective.
						No report.
						No report.
		137 50	100 00			No report.
55 00	40 00	6 03			230 00	No report.
	134 00	34 00	11 77	23 07		
						No report.
						No report.
775 00	10,235 64	3,505 12		24 00		Error in a'gt rep. 32
						No report.
		61 69	41 37			No report.
						No business.
						No report.
	200 00		7 99	30 14		Defective. [fee \$10 O'rl'nd 21 50, Att'y
490 00		102 00		10 00		No report.
754 66	5,246 63	440 00		7 01		
160 00	307 25		210 22	76 25		No report.
						Fees paid \$10 00.
						No report.
						No return.
						No return.
						No return.
						No business.
						No report.
						No report.

Tabular Statement of the operations of the Agencies for Loaning the

COUNTIES.	AGENTS.	Amount of interest received on loans.	Balance of principal on hand at close of last qr.	Balance of interest on hand at close of last qr.	Loans refunded.
Lagrange	J. F. Jewett	60 31		28 41	288 05
Laporte	B. M. Newkirk	153 63		18 95	282 25
Madison	John Davis	24 85		65 67	72 00
Marion					
Martin					
Monroe	John M'Corkle	2 00			25 00
Montgomery					
Morgan					
Miami	Albert Cole	31 60			
Marshall					
Noble					
Orange	A. Morris				
Owen					
Parke					
Pike					
Perry					
Posey					
Putnam	Isaac Mahan	191 07	694 89	220 09	1,251 00
Porter	Philander A. Paine	12 61			100 00
Randolph	W. M. Way				
Ripley					
Rush					
Scott	J. V. White	1276 96			6,102 86
Shelby	Royal Mayhew	144 28		3 32	336 00
Spencer					
Switzerland	John F. Dufour	173 84	2 91		949 33
St. Joseph					
Sullivan					
Steuben					
Tippecanoe	Wm. M. Jenners	71 42		27 22	400 00
Union	Elias Jarrell	38 54	8 88		359 00
Vanderburg	Nathan Rawley	79 33	318 21	222 07	340 98
Vermillion					
Vigo					
Warrick	William Smith	4 94	138 15		41 66
Washington	Elijah Newland	150 24	11 40		1,256 33
Wayne	Jehiel R. Lanson				
Warren	James H. Buell	177 43	59 74	69 22	605 62
White					
Wabash					

Surplus Revenue for the quarter ending on the 28th February, 1841.

Loans on mortgage security.	Loans on personal security.	Amt. paid over to school commissioners.	Balance of principal on hand.	Balance of interest on hand.	Suspended debt, mostly in suit.	REMARKS.
49 05	218 00	20 00		68 72		Overloan \$7 89. Report defective.
	50 00	65 00	22 00	15 52		No report. No report.
25 00				2 00		No report. No report.
		31 68				No report. No report. No business. No report. No report. Defective. No report. No report.
463 00	943 90		538 99	411 16		
100 00				12 61		No business. No report. No report.
3189 61	6,768 34	1,211 04	325 27	65 92		
	300 00	147 00	36 00	60		No report.
	866 00	173 84	86 24			No report. No report. No report.
400 00						Att'y's fees pd. \$100 50
	359 00	38 54	8 88			
500 00		301 40	159 19			No report. No report.
		494 00	179 82			
200 40	1,063 32	145 24	367 00			No business.
350 00	255 62	215 00	59 74	31 65		No report. No report.

Tabular Statement of the operations of the Agencies for loaning the

COUNTIES.	AGENTS.	Amount of Inter- est received on loans.	Balance of prin- cipal on hand at close of last qr.	Balance of inter- est on hand at close of last qr.	Loans refunded.
Allen					
Adams	Alexander Fleming	22 68			351 79
Bartholomew	Joshua Sims,	100 00			600 00
Boone	Addison Lane,	57 70	5 91		684 09
Brown	William Taggart,	50 11	6 80	12 46	373 86
Clark					
Clay	John B. Nees,	56 57			351 50
Crawford					
Carroll					
Cass					
Clinton					
Dearborn	Charles W. Wright	530 47	100 00		388 50
Decatur	A. R. Forsythe,	625 00			300 00
Daviess					
Dubois	Dan'l Harris,				
Delaware	James Hodge,	54 20	11 77	23 07	333 00
Elkhart					
Fayette					
Floyd	R. Downey,	399 28			333 00
Franklin	John Wynn,	717 44		24 00	4,821 85
Fountain					
Fulton					
Gibson	John Hargrove,	204 27	41 37		617 86
Green	John Jones,	92 62			250 00
Grant					
Hamilton	Haymond W. Clark				
Harrison	Arthur Vance,	595 33	7 99	30 14	5,513 00
Hendricks					
Henry	M. L. Bundy,	531 25		112 00	6,496 66
Hancock	John Milroy,				
Huntington	G. A. Tate,				
Jackson	Hugh A. Findley,	210 22	76 25		
Jefferson					
Jennings	A. Andrews,	56 00			66 66
Johnson	Gilderoy Hicks,				
Jay					
Knox	Charles Polke,	260 79	15 00		1,037 00
Kosciusko					
Lawrence					
Lagrange					

Surplus Revenue for the quarter ending on the 31st day of May, 1841.

Loans on mortgage security.	Loans on personal security.	Amt. paid over to school commissioners.	Balance of principal on hand.	Balance of interest on hand.	Suspended debt, mostly in suit.	REMARKS.
600 00	283 60	100 00	68 19	22 68		No report.
393 03	296 97	57 70				Defective.
251 68	118 66	54 84	10 32	7 73		Defective.
122 62	228 88	56 58				No report.
						No report.
						do
						do
						do
250 00	400 00	450 00	88 50	80 47		
	300 00	375 00				No report.
150 00	196 66	20 00		57 27		No business.
						No report.
						do
			333 00	399 28		
	4,578 20	632 73	243 67	108 71		No report.
						do
	622 00		37 23	204 26		
	250 00			92 62		
100 00	5,285 00	30 14	135 99	595 33		No report.
						Defective.
5,524 00	550 00	422 00	422 66	221 25		No report.
						No report.
						No business done.
						Defective.
	66 66			56 00		No report.
						Defective.
175 00	660 00	250 00	217 00	10 79		No report.
						do
						do

Tabular Statement of the operations of the Agencies for loaning the

COUNTIES.	AGENTS.	Amount of interest received on loans.	Balance of principal on hand at close of last qr.	Balance of interest on hand at close of last qr.	Loans refunded.
Laporte	John Davis	114 52	22 00	15 52	147 99
Madison					
Marion	John M'Corkle	248 80		2 00	26 00
Martin					
Monroe	Albert Cole				
Montgomery					
Morgan	A. Morris	171 64			
Miami					
Marshall					
Noble					
Orange					
Owen					
Parke	Isaac Mahan	407 48	538 99	411 16	2,288 95
Pike					
Perry	P. A. Paine			12 61	100 00
Posey	W. M. Way	414 11			1,008 89
Putnam					
Porter	J. V. White	1,433 82			7,341 75
Randolph					
Ripley	Royal Mayhew	226 97	36 00	60	115 33
Rush	W. B. Pierce	86 00			500 00
Scott	J. F. Dufour	320 00	86 24		793 33
Shelby					
Spencer	Wm. M. Jenners	50 26			30 84
Switzerland					
St. Joseph	Nathan Rowley	41 67	159 19		194 99
Sullivan					
Steuben	William Smith	109 96	179 82		400 66
Tippecanoe					
Union	Elias Newland	702 68	3 67		3,117 98
Vanderburg	Jehiel R. Lanson	481 67			
Vermillion	James H. Buell	72 31	59 74	31 65	784 06
Vigo					
Warrick					
Washington					
Wayne					
Warren					
White					
Wabash					

Surplus Revenue for the quarter ending on the 31st day of May, 1841.

Loans on mortgage security.	Loans on personal security.	Amt. paid over to school commissioners.	Balance of principal on hand.	Balance of interest on hand.	Suspended debt, mostly in suit.	REMARKS.
	112 40	136 00	57 59			No report. Int. overpaid \$6 23.
100 00	116 00			2 50		No report. No report.
		146 64				No report. No report. No business done. No report. No report. Paid fees \$25 00. No report. No report. No report. No report. No report.
760 17	1,360 54	254 39	706 38	564 25		No report. No report.
	1,000 00	12 61	100 00			
		414 11	8 89			
3,856 27	7,458 13	1,276 96	207 71	156 86		
	151 33	200 00		27 57		
	500 00	86 00				
450 00	396 33	256 35	33 24	63 98		No report. No report. No report. [pd. \$20. Due a'gt \$1 36, fees No report. Comm'ns \$43 93. No report. No report.
	130 00		224 18			
160 00		109 96	420 48			
433 34	2,687 40	702 68	91			
		471 92				
	770 75	60 00	73 05	43 96		Fees paid \$9 75.
						No report. No report.

Tabular Statement of the operations of the Agencies for loaning the

COUNTIES.	AGENTS.	Amount of interest received on loans.	Balance of principal on hand at close of last qr.	Balance of interest on hand at close of last qr.	Loans refunded.
Allen	Joseph Morgan,				
Adams	Alex. Fleming,				
Bartholomew	Joshua Sims,	480 00			300 00
Boone	Addison Lane,	75			47 14
Brown	Wm. Taggart,	51 88	10 32	7 73	185 91
Clark	Peter Smith,				
Clay	John B. Nees,	6 97			24 71
Crawford	S. S. Monk,				
Carroll	Wm. Crooks,				
Cass	W. Z. Stewart,				
Clinton	John H. Dunn,				
Dearbon	Charles W. Wright	399 67	88 50	80 47	324 00
Decatur	A. R. Forsythe,				
Daviess	L. M. Cutcher,				
Dubois	Daniel Harris,				
Delaware	James Hodge,	218 35		57 27	1,485 20
Elkhart					
Fayette	Samuel Mulliken,				
Floyd	Rob't Downey,	19 52	333 00	399 28	105 00
Franklin	John Wynn,	112 68	243 67	108 71	547 71
Fountain	Geo. Shockey,				
Fulton	A. F. Smith,				
Gibson	John Hargrove,	171 80	37 23	204 26	461 99
Green	John Jones,	122 59		92 62	92 00
Grant	Isaac Bysant,				
Hamilton	Haymond W. Clark	152 86	15 08	236 07	649 50
Harrison	Arthur Vance,	213 49	135 99	595 33	1,977 25
Hendricks	W. L. Matlock,				
Henry	Martin L. Bundy,	137 10	422 66	221 25	183 34
Hancock	John Milroy,	184 44			702 92
Huntington	G. A. Tate,	51 00			300 00
Jackson	Hugh A. Findley,				
Jefferson	Wm. Hendricks, jr.				
Jennings	A. Andrews,	94 00		56 00	150 00
Johnson	Gilderoy Hicks,	113 22	27 90		591 27
Jay	R. J. Hurst,				
Knox	Charles Polke,	343 00	217 00	10 79	948 00
Kosciusko	Jacob Baker,				
Lawrence	Geo. G. Dunn,	620 31	-		
Lagrange	E. Secley,	63 79			

Surplus Revenue for the quarter ending on the 31st day of Aug. 1841.

Loans on mortgage security.	Loans on personal security.	Amt. paid over to school commissioners.	Balance of principal on hand.	Balance of interest on hand.	Suspended debt, mostly in suit.	REMARKS.
300 00			480 00			No return. do
169 25	9 43 20 00	75 57 74	37 71 6 98	1 87		No return. Fees paid \$6 50. No report. do do do
	24 71			47		At. & Pr'sf's \$49 00 No report. do do
	228 50	431 14	184 00			Due Agent \$1 89. No report. do
116 66	1,322 29	275 00	44 35	62		No report. do
118 87	672 53	221 40	438 00	418 80		No report. do
	498 67 92 00	335 10 200 00	55	40 96 15 21		No report.
66 50	598 00 2,002 00	388 37 595 33	08 11 24	56 213 49		No report.
360 00 754 66	233 00 5,833 45	358 35 134 44	13 00 116 10 300 00	57 01 51 00		Report defective. No report.
100 00	150 00 569 31	150 00 106 42				Due Agent \$42 24. No report.
150 00	916 00	301 00	99 00	52 79		No report.
3,352 56	969 68	408 10 47 00		212 21 16 79		

Tabular Statement of the operations of the Agencies for loaning the

COUNTIES.	AGENTS.	Amount of interest received on loans.	Balance of principal on hand at close of last qr.	Balance of interest on hand at close of last qr.	Loans refunded.
Laporte	B. M. Newkirk,				
Madison	John Davis,				
Marion	Wm. H. Morrison,	559 64			201 00
Martin	Sanford Brown,				
Monroe	John McKorkle,				
Montgomery	W. S. Galey,				
Morgan	J. Crawford,				
Miami	Albert Cole,	32 00			
Marshall	S. D. Taber,				
Noble	Thos. Smith,				
Orange	Abr. Morris,	51 26			
Owen	J. Teal,				
Parke	J. P. Sunderland,				
Pike	Geo. Chambers,				
Perry	John Elder,				
Posey	Ezekiel Kight,				
Putnam	Isaac Mahan,	71 89	706 38	564 25	115 05
Porter	Wm. Cheeney,	80 76	100 00		75 00
Randolph	John Hiatt,	12 00	9 23		
Ripley	David P. Shook,				
Rush	Job Pugh,				
Scott	J. V. White,	44 21	207 71	156 86	138 33
Shelby	Royal Mayhew,	56 67		27 57	383 34
Spencer	Wm. B. Pierce,				
Switzerland	John F. Dufour,	289 83	33 24	63 98	545 66
St. Joseph	John McCullough,				
Sullivan	Abraham Snapp,				
Steuben	Enos Beall,	150 12			752 26
Tippecanoe	Wm. M. Jenners,	216 73	30 84	28 40	490 00
Union	Elias Jarrell,				
Vanderburg	Nathan Rawley,				
Vermillion	W. H. H. Scott,				
Vigo	Wm. McFadden,				
Warrick	Wm. Smith,	183 90	420 48		342 18
Washington	Elijah Newland,	81 33	91		228 29
Wayne	J. R. Lamson,	275 31			
Warren	Jas. H. Buell,	191 77	73 05	51 16	1,157 17
White	G. A. Spencer,				
Wabash	J. D. Cassatt,	98 57			

Surplus Revenue for the quarter ending on the 31st day of Aug. 1841.

Loans on mortgage security.	Loans on personal security.	Amt. paid over to school commissioner.	Balance of principal on hand.	Balance of interest on hand.	Suspended debt, mostly in suit.	REMARKS.
	100 00	555 00	101 00	4 64		Defective. No report.
		32 00				No report. do do do
		51 26				Defective. No report. do
						No report. do do do do [defective.
200 00	558 49	550 60	105 33			\$42 39 int. ad'd to pr.
	50 00	55 76		25 00		Pd. into b'k \$125 00.
		12 00	9 23			
						No report.
294 92	55 00	186 00		15 07		Report incomplete. Due Agent \$3 88.
	383 34			84 24		
	485 66	321 73	93 24			No report. At. fees pd. \$32 08.
						No report. do
575 60	206 66	150 12				
	490 00		30 84	101 98		Costs pd. \$143 13. Defective.
						No report. do do
770 00		183 90				
	216 67		69 33	12 53		Att'y's fees \$12 00. [\$100 56.
		275 31				
	1,063 32	144 27	100 00			Fees, errors, &c., No report.
		91 07				At. f. \$7 50, defect'v.

A list of the counties in which the Board doing County Business have decided to vest the Surplus Revenue in Bank Stock:

- | | |
|---------------------|-----------------------|
| Allen, | 10. Miami—no action. |
| Carroll—no action. | Porter do |
| Decatur, | Randolph, |
| Fayette, | Rush, |
| 5. Floyd—no action. | St. Joseph, |
| Grant, | 15. Vanderburgh, |
| Hendricks, | Vigo, |
| Jefferson, | Wayne, |
| Kosciusko, | 18. Wabash—no action. |

A list of the counties in which the Board doing County Business have refused to vest the Surplus Revenue in Bank Stock.

- | | | |
|---------------|--------------|-----------------|
| Adams, | Harrison, | Orange, |
| Bartholomew, | Huntington, | Owen, |
| Brown, | Henry, | 45. Parke, |
| Boone, | 25. Hancock, | Perry, |
| 5. Clark, | Jackson, | Pike, |
| Clay, | Jennings, | Putnam, |
| Cass, | Johnson, | Ripley, |
| Clinton, | Jay, | 50. Scott, |
| Crawford, | 30. Knox, | Shelby, |
| 10. Dearborn, | Lawrence, | Spencer, |
| DeKalb, | Lagrange, | Switzerland, |
| Daviess, | Laporte, | Sullivan, |
| Delaware, | Lake, | 55. Steuben, |
| Dubois, | 35. Madison, | Tippecanoe, |
| 15. Elkhart, | Marion, | Union, |
| Franklin, | Martin, | Vermillion, |
| Fountain, | Monroe, | Warrick, |
| Fulton, | Montgomery, | 60. Washington, |
| Gibson, | 40. Morgan, | Warren, |
| 20. Green, | Marshall, | White, |
| Hamilton, | Noble, | 63. Wells. |

REPORT

OF THE

STATE BANK,

DECEMBER, 1841.

To the General Assembly:

The capital of the State Bank has been increased since the last annual Report, as follows:

Third instalment of State Stock in Michigan city branch, from collections of Surplus Revenue and Sinking Fund Loans,				\$ 20,000
Same in South Bend branch, from same sources,				15,000
State Stock in Terre Haute branch, from same sources,				5,000
“ “ in Evansville branch, paid over by Treasurer of State from Saline Fund and Bank School Tax,				5,716 27
Total increase of State Stock,				\$45,716 27
Increase of private Stock, Michigan city branch				\$10,225
“	“	“	South Bend branch,	360 37
“	“	“	Richmond branch,	11,850
“	“	“	Vincennes branch,	1,750
“	“	“	Lafayette branch,	100
				24,285 37
				\$70,001 64

The collections from the Sinking Fund and Surplus Revenue, will hereafter furnish means for the stock contemplated to be subscribed on behalf of the State, in the three new branches to be established. In the present condition of the country, it has not been thought advisable to take immediate steps for their organization. As soon as any

action can, with propriety, be had on the subject, there will be no unnecessary delay. Whenever specie payments are resumed, temporary loans to some extent may be made in anticipation of collections at the Sinking Fund office, and as soon as the private stockholders can pay over their stock, that of the State may be ready.

Only two of the branches express a wish for a further increase of capital at this time. The others, with the exception of one, which is embarrassed by a large state debt, can, in the opinion of their officers, at most seasons of the year discount all the paper on which satisfactory assurance is given that punctual payments will be made. Instances no doubt occur, where persons residing at a distance from the branches, are refused accommodations that might be granted with perfect safety. Such cases must occur, where the characters and circumstances of applicants are not well known; yet such has been the anxiety of the officers of the Bank to diffuse more equally their loans throughout the State, that the losses to the institution, and its doubtful debts, have arisen almost entirely from accommodations to persons out of the Counties in which the branches are located.

The notes and bills discounted for Directors at the last examination, amounted to \$383,728, averaging \$2,682 to each, and were \$47,074 less than the loans to Directors last year, and \$109,821 less than they were in 1838. At that time, only eleven branches had been organized, and the loans to Directors averaged about \$4000 to each, though then, as now, a majority of the Directors either had no accommodations, or very small ones. The terms for discount to, and payments by Directors, are not more favorable in any of the branches, than those of other good customers.

The discounts to the private Stockholders, including Directors, amounted at the Spring examination, to \$1,311,417—the amount to persons not Stockholders, was \$2,645,077. About two-thirds of the private stock is held by persons who borrow nothing, or to a less amount than the stock owned by them.

In none of the branches, is the stock so much in demand that it cannot be bought at par, and in about half of them it can, at least occasionally, be bought at a discount of from five to fifteen per cent.

The losses of the Bank the first five years, did not exceed \$5,000, and these were principally from forgery and theft. Within the last two years bad debts have been charged up to the amount of about \$29,400, and \$7,627 on account of depreciation in banking houses and lots. It is estimated that the desperate debts due the branches, and not yet charged up, amount to \$29,932; the doubtful debts to the amount of \$64,082, on which about \$45,000 will be lost; and that there has been a further depreciation in banking property to the amount of \$10,000. The Surplus Fund is now \$305,759 11—from which, deduct \$84,932, the anticipated losses, and there remains \$220,827 11, for future losses, or to be divided to the State and the other Stockholders, on closing up the concern. The losses sustained and anticipated during the seven years of its operations, will fall short of a half per cent. a year on the average yearly loans.

The profits of the Bank for the year ending the 31st of October last, amounted to \$254,175 18, or a fraction less than nine and a third per cent. of this sum, \$17,469 60 has been added to the Surplus Fund, and the remainder paid over to the State and private Stockholders. The following shows the profit to the State the last year, on its interest in the Bank:

Dividend on its Chartered Capital, \$880,000,	-	-	\$74,400 00
“ “ Surplus Revenue capital,	-	-	34,163 50
“ “ Internal Improvement capital,	-	-	2,000 00
			<hr/>
			\$110,563 50

Deduct 5 per cent. interest on \$880,000, State bonds,	-	-	-	\$44,000
Deduct 6 per cent. interest on \$294,000,	-	-	-	17,640
“ “ “ “ on \$20,000,	-	-	-	1200—62,840 00
				<hr/>

Profit to the State, (except charge for exchange, not yet ascertained) - - - - - \$47,723 50

The clear profits to the State by the Bank, since the commencement of operations, may be estimated at \$350,000—after making a liberal allowance from the Surplus Fund, for future losses. The dividends in the branches have been made or withheld in view of the profits they had made, and the safety of their condition. The necessity of paying the interest on the State Bonds, by which the capital for the State was furnished, and the importance of keeping the private stock in the hands of persons who expect regular dividends, are deemed a sufficient justification for continuing to make dividends in the present state of the currency and the country.

The following classes of business men were indebted to the Bank in March and April last, for accommodations, to wit:

Exporters of Produce,	-	-	\$1,111,747
Merchants,	-	-	982,602
Farmers,	-	-	500,431
Manufacturers and Mechanics,	-	-	486,715
All others,	-	-	874,999

If the Merchants should appear to be accommodated out of proportion, it should be recollected that they have been frequently endorsers, and that they, as well as many others, for the purpose of sustaining their credit in Bank, have been forced to pay the debts of their principals, or assume them by their own direct liability.

Within three months before the last examination, there had been discounted in new paper, \$787,030, and it was estimated that a still larger amount would be discounted the ensuing three months. During the present year, the money paid out of the Bank on new discounts, will exceed \$3,000,000. Whether this or a larger amount of currency shall be annually supplied by the Bank, must depend on the ability of its customers to pay, and the continued confidence of the public in its management.

The circulation of the Bank, October 31, 1840, was \$2,835,902. It was at the highest point, during the year, on the 31st of March, 1841,

when it amounted to \$3,187,091. Afterwards it was gradually reduced until the 31st October, when it was \$2,940,414. At this time, and for two years past, the industry and enterprise of the country have little encouragement to engage in any operations but such as cannot be avoided. No one undertakes new business, or invests capital, but with much hesitation and reluctance. Whether the currency hereafter is to be specie only, or mixed with paper founded on a specie basis—whether specie payments are to be generally resumed at an early day, or whether there is to be such delay and neglect of preparation that a resumption cannot be sustained when attempted—whether the Banks are to be a *bye word* between the parties, and abused right or wrong, or whether they are to be punished for misconduct, and sustained in the performance of duty, are matters that unfortunately come up for discussion when such opposite interests and excited feelings disturb the community, that there is little hope of a speedy and amicable adjustment of the difficulties that embarrass the country. While this uncertainty, as to what is to be currency, prevails, and while reasonable calculations cannot be made of the future, the open field and clear sky for enterprise and business cannot be expected. The embarrassments of the people of this State have not been, as many suppose, materially influenced by the mere diminution of the currency. The circulation of the Bank has varied only about ten per cent. within the last two years, and the expansion has arisen mainly from the large produce operations in the Spring, and the contraction, by the preparation in the Fall to import Merchandise.

Whatever originated the present difficulties—and many things have contributed to produce them—there are two principal causes, now efficiently active, which a prudent and correct course of proceedings will aid much to remove. One of these, is the *general want of confidence in the stability of the currency, property and business of the country*;—the other, the *neglect to provide that the products and industry of the State shall meet the importations from abroad*.

When the currency is uncertain and fluctuating, it passes slowly and heavily, questioned at every turn, and the best part of it kept back whenever it can be, so that it performs scarcely half the duties for which it was intended. During the past year, most of the Banks in the Western, Middle and Southern States, have suspended specie payments. Ten of the branches of the State Bank also, it is understood, have not uniformly paid specie on their notes when demanded, and probably the three others would have refused if their notes had been presented in large amounts from abroad. There have been however no protests of the notes of the Bank; no demands which have not been arranged; no payment of the twelve per cent. penalty, except for very short periods; and no complaint to the State Board by any one considering himself aggrieved in this respect by the branches. The community have thus far fully sustained the officers of the Bank in making choice of the unavoidable evils before them. On the one hand, there was to be feared, first the withdrawal of the specie mostly by Brokers, who are usually foremost in such matters; second, the ina-

bility to discount in aid of the exportation of produce, and other operations, by which \$3,000,000 would have been kept from going out among the people : third, a more rapid collection of debts to the Bank than its customers had anticipated, by which many sacrifices must have been made : and fourth, the closing up the whole business of the concern, for the profits, after paying the expenses, would be no object, while the surrounding Banks were in a state of suspension. It is much to be regretted that all these difficulties still remain in full force, and no advantage of any moment can accrue to any one by the resumption of specie payments by this Bank, except in concert with other institutions.

There is no wish on the part of the Bank to deny or conceal any of the evils or difficulties to which a state of suspension of specie payments subjects the country. The loss on the paper of the Bank is a matter of small moment, for perhaps there is not one case in a thousand where it does not, in making payments, answer the full value of specie ; but the danger from other Banks, or individuals, issuing paper not intended to be redeemed : the demoralizing influence of the evasion of just debts when they might be paid : the feeling of uncertainty as to the currency, which paralyzes industry and enterprise : and the decrease of investments in active business, and their increase in brokerage, are evils of such magnitude that they should only be endured temporarily, and to avoid still greater evils.

The Bank, with the exception of one branch, South Bend, has progressed steadily in the improvement of its condition during the past year. The debt due from the State, on which neither principal nor interest has been paid for two years, is a subject of more embarrassment than any other at this time. In one of the branches, Lafayette, it is in effect, the withdrawal of three-fourths of the capital ; and three other branches, Evansville, Lawrenceburgh, and Indianapolis, whose State Debt and State Bonds amount to near one half their aggregate capital, cannot with safety make new discounts, except of prompt notes and bills of exchange, to run only short periods. It will be recollected that the first year there was no effort to arrange this debt in any way, and that last year, no mode of paying it was proposed which would not have occasioned a loss to the Bank of from one-fourth to one-half the amount.

The debt of the State to the Bank, exclusive of \$294,000 State Bonds, is now near \$700,000. If this sum were paid, it would be in the power of the Bank, by its means on hand, and the payments on bills and notes, to take up its whole circulation in sixty days. But while this debt is unpaid, one of the branches named, cannot continue specie payments without assistance from the others, four of which could give none, if they did not require it, and the most of the others would find, in the wants of their districts respectively, a pressing demand for all they could do. This state of things is submitted to the Legislature, with the anxious hope, that at an early day, provision will be made for paying the debt due from the State to the Bank.

The general resumption of specie payments, under favorable cir-

cumstances, would, with prudent management, do much to restore public confidence. The re-investment of capital in lands, manufactures and other business, would commence, which looking for moderate success and gradual improvement could scarcely fail to obtain them. The Brokers' business, now absorbing much both of the capital and profits of the country, would be measurably abandoned, and though prices of property and labor should be low, it would be much better than that no one as at present should be willing to buy the one or employ the other.

More fear is in general entertained of the evils to arise from a reduced circulation than experience will justify. The efficiency and usefulness of currency depends more upon its character than its amount. That, which this country now has, is unequal, inconvenient and suspected, and to increase its amount would do little to encourage new enterprises, though it might facilitate the payment of debts. The currency of France, consisting of twelve parts of gold and silver to one of paper is more than double in proportion to the annual products of industry that of England, where a third of the currency is specie and four times greater in proportion to the annual products of industry, than that of any part of the United States. The currency of New England, nine-tenths of which is paper at par with specie, very little exceeds one-half the proportion in other States, or one-eighth the proportion in France, and yet the fluctuation is much less than in England and France, where there is much specie, or in States where, by a suspension of specie payments, there is a paper currency alone. From undoubted facts of this character, may it not be fairly deduced that a paper currency, based on specie and equal to it, is the cheapest, most uniform and useful circulation for the business of a country? The precious metals pass slowly from hand to hand, they are hoarded from fear or caprice, transported from country to country as hopes of profit are presented, and no concert of interest or feeling can be had to prevent the drought or deluge of currency with which one place after another would be visited.

Next to the immediate resumption of specie payments, if it can be had in concert with other Banks, with which intercourse is maintained, is the open and undisguised preparation to effect the object at an early day. Candor on the part of Banks in this respect is required, and a full understanding of their condition and course of business should be had by the public to insure their confidence. The first day of August next was named at the last meeting of the Directors of the State Bank for the resumption of specie payments, and other Banks in the neighboring States have been notified and requested to co-operate. If it shall be commenced at an earlier day, this Bank will unite in the effort.

In the mean time, the Branches will reduce their circulation by taking it up from the commercial cities out of the State, where it has collected in large amounts. Its circulation in this State will be rather increased than diminished. \$412,000 of the small notes have been sent to the Branches to be issued, and probably about three-fourths of

them are now in circulation. These, with such other small notes as shall be needed, can be prepared even to the amount authorized by the last Legislature. They have, in most parts of the State, expelled the small notes of other States, and they will form a basis of home circulation for the Bank of more value than was anticipated.

In addition to the restoration of certainty and confidence in the currency so desirable, that it is hoped all concerned will spare no pains to effect the object, there must be more attention than heretofore to the balance of trade, which has been for years so heavily against the State. In a new country, where much of the industry is employed for permanent objects, and not on those immediately productive, and where facilities of intercourse are inferior to those of other countries, there is much difficulty in pursuing the proper course, and much danger from the neglect of it. When the balance of trade is not provided for in the course of business, the overplus must be paid in such currency as the creditor will receive, and a diminished amount remains for business at home. The inconveniences arising by a sudden change from an abundant to a limited circulation must be felt severely in agricultural countries where the want cannot easily be supplied and where more currency is required in proportion to the business done than in commercial places. As the paper of the Bank has been freely received for distant debts, an undue proportion of it must have frequently collected in the commercial cities on our borders. It is understood that from \$400,000 to \$500,000 of Indiana Bank paper might be collected at one of these cities in a few days, and probably an equal amount at the other.

The amount circulating abroad is no doubt much larger at this time than usual, from the much greater reduction of their circulation.

When the current of business takes the paper of the Bank in directions, where it interferes with a field of circulation claimed by other institutions, means must be constantly used to keep it from collecting there in masses. Unless this be done, it will be brought back in large amounts for specie. Well managed Banks expect to provide in advance for these balances, either by collecting the paper of foreign Banks receivable where they are created, or by the purchase of Bills of Exchange, payable at points where funds will effect the object.

This Institution has always encouraged the purchase of such Bills, by the Branches, as have been created in connection with actual business and with the exportation of produce. Funds are much more in demand at the proper season for this business: the Branches must keep back their discounts previously; and the question, in general, is not whether the Branches shall say, as a matter of caprice or from interested motives, that the exporter must sell a bill and pay a premium, but they often do and must say, that their discounted notes are as large as safety will admit, and that all beyond must be in such paper as will provide for distant balances. If the Bank should discount notes only, most of the Branches would be obliged to limit their discounts to near once-and-a-fourth their capital. But when they make a fair use of Bills of Exchange to keep up their credit where their

circulation concentrates, they may with about the same safety extend their discounts from twenty-five to fifty per cent. further, and no one has any more reason to complain that the Bank at certain seasons does no business except in Bills of Exchange, than that it does not extend its discounts indefinitely, without reference to its means and the duties prescribed by the Charter. The large sum due from the State to the Bank, and standing as a suspended debt, will continue to prevent the discount of a much larger sum and on more favorable terms, than can now be allowed to the public.

Money lent on notes by the Bank to buy merchandise or pay distant debts, has no effect on the currency of the vicinity, but the injurious one of collecting the funds there for payment. But the proceeds of Bills of Exchange are circulated at home, and the means of payment collected abroad. With proper attention to the course and balance of trade, the alleged panacea of a National Bank for Exchange, or of a Tariff to lessen the importation of foreign goods, would be less needed; and even with them, the continued prosperity of the State and the Nation can only be insured by the certainty that the incomes of citizens shall in general equal their expenditures.

The premiums charged for exchange have been, from the uncertainty of the times, exceedingly irregular, and sometimes they may have appeared unreasonably high. When the rate has been agreed on, fluctuations take place, and the Bank may gain or lose more than either of the parties anticipated. When the gain is considerable, the charge of extortion may be alleged, though the gain may not compensate the losses on other transactions where the premium had been insufficient.

The premium charged on exchange cannot, in general, be fixed by any one Bank. The usual rates or market prices must govern, and low and uniform rates cannot be expected while every thing else is uncertain. If a Bank should derange the exchanges, in order to profit by them; if it should depreciate its own paper, to purchase it up at a discount; or if to make profits, it should sell its best funds at high prices, and thereby become less able to resume specie payments, it would deserve the severest reprehension; but if it sells exchange at all, and charges less than the market price, it is a donation to the purchaser, to which he has no claim. He may call the usual premium *high*, but could he procure and remit funds on better terms, were he to buy from others? or would it be better for him if the currency of the State were specie and only one-third of its present amount? The business of the Bank, at present, if it do any business, must be a choice of evils, not originating in its own management, and while a Branch must take in its own paper as it best can, when the twelve per cent. penalty is demanded, it is not called upon to bestow any exclusive favors on the purchasers of exchange. The profits of the Bank the last year have not exceeded those of any previous one, and its business has been more hazardous.

The State Board, in the belief that no power is granted them by the Charter to fix the rates of exchange, have not attempted to do so; but they have earnestly urged on the Branches, that the premium for

Exchange should be only a fair allowance for the difference in the value of currency at different points. When more than this is charged on Bills of Exchange, even the collection of the principal must be hazarded.

The practical business of banking is, by the Charter, committed entirely to the Directors of the Branches. The terms of granting loans (except when they exceed once-and-a-fourth the capital) and the selection of the borrowers belong to them. Meeting in general, but an hour or two once a week, it would be strange indeed, if they did not occasionally make mistakes, by refusing good paper, or by being persuaded or deceived into imprudent loans. Long indulgences too have sometimes been granted to borrowers, which in general have been more injurious to them than even to the branches.

In the annual reports, heretofore made on behalf of the State Bank, it has not been thought necessary to detail particularly the difficulties that have arisen in the branches. Imprudence, carelessness, and conduct deserving severe censure have occurred in several of them, in reference to which the State Board have limited discounts and business—withheld dividends—and had such other proceedings as the interests of the State and the safety of the Institution appeared to require.

In performing the duties assigned to them, the Directors of the State Bank have arraigned and censured the branch boards for misconduct, perhaps, when none was intended: they have required payments of stockholders who only subscribed stock for the purpose of obtaining large loans: they have fearlessly sought the safety and prosperity of the Institution, despite of the clamor of those who wish to borrow money and not pay it: and they have not interfered in that part of the management of the concern which is by the Charter left to the control of the Branch Directors. That prejudice and selfishness not knowing what the State Board has done nor what it is not permitted to do, should suffer all these matters to pass over in quiet was not to be expected. When they are examined, as in these times they should be thoroughly, it will appear, with the exceptions before alluded to, and which as they occurred were made known to committees of the Legislature, that the Institution as a whole has been well managed.—Improper conduct has been or will be corrected, and a majority of the branches, from the commencement of their operations, have conducted them with as much prudence, propriety and public spirit as can be found in any mere business association, and no act of the State Board, the body representing the whole concern, can be pointed to which will, in the slightest degree, involve the integrity of the Institution.

As soon as returns are received from all the branches, setting forth their condition on the day specified in the Charter, a specific report in reference to the same will be made. In the mean time there is herewith submitted a statement of the condition of the Bank on the 31st October.

S. MERRILL.

STATE BANK, *December 1, 1841.*

STATEMENT

Of the condition of the State Bank of Indiana, on October 30, 1841.

RESOURCES.

Discounted notes, - - -	2,417,157	37	
do do Suspended, -	412,394	36	
			\$2,829,551 73
Bills of Exchange, - - -	842,754	77	
do do Suspended, -	35,851	56	
			878,606 33
Branch balances, - - -	-	-	64,995 02
Balances due from other Banks, - - -	-	-	218,241 82
Banking Houses, - - -	-	-	200,451 90
Furniture, - - -	-	-	5,463 48
Due from the State of Indiana for payments on public works, - - -	-	-	693,196 40
Advance to the State of Indiana of 4th instalment of Surplus Revenue, - - -	-	-	294,000 00
Remittances and other cash items, - - -	-	-	137,385 93
Notes of other Banks, - - -	-	-	198,799 00
Specie, - - -	-	-	1,127,518 60
			\$6,648,210 21

LIABILITIES.

Notes in circulation, - - -	\$2,940,414	00	
Branch balances, - - -	64,565	22	
Balances due to other Banks, - - -	127,478	86	
Tax for school purposes, - - -	7,212	51	
Sinking fund and other cash items, - - -	38,334	74	
Dividends not called for, - - -	7,143	13	
Individual depositors, - - -	251,986	41	
			\$3,487,184 87
Leaving the amount of resources of the Bank over all liabilities other than to the stock holders, - - -			3,161,025 34
			\$6,648,210 21

The above excess of the means of the Bank beyond her liabilities is distributable as follows—

To the State of Indiana for stock under the charter, - - -	\$880,000 00	
To the same for stock of loan of 1839, -	20,000 00	
To the same for stock from Surplus Revenue, - - - -	439,950 00	
To the same for stock by law of 1840-1, -	5,000 00	
	<hr/>	\$1,344,950 00
To individual stock holders, -	\$1,391,016 62	
Total capital, - - - -	-	\$2,735,966 62
Amount in surplus fund, - -	288,889 51	
Profit of last six months, - -	136,169 21	
	<hr/>	425,058 72
Excess,		\$3,161,025 34

During the last six months, from April 30 to Oct. 30, 1841, the following have been the results, as to the leading items of the business of the Bank—

Discounted notes, April 30, -	\$2,653,992 58	
do do Oct. 30, -	2,829,551 73	
Increase of discounted notes, -		\$175,559 15
Bills of Exchange, April 30, -	1,376,315 66	
do do Oct. 30, -	878,606 33	
Decrease of Bills of Exchange, -		497,709 33
Notes in circulation April 30, -	3,154,004 00	
do do Oct. 30, -	2,940,414 00	
Decrease of Circulation, -		213,590 00
Specie, April 30, - - -	1,120,880 29	
do Oct. 30, - - -	1,127,518 60	
Increase of specie, - - -		6,638 31
	JAMES M. RAY, <i>Cashier.</i>	

REPORT

OF

MILTON STAPP, ESQ.,

LATE FUND COMMISSIONER OF INDIANA,

TO THE GENERAL ASSEMBLY.

DECEMBER, 1841.

INDIANAPOLIS,
Dowling and Cole, State Printers.
1841.

REPORT.

To the Senate and House of Representatives of the State of Indiana :

Circumstances, unexpected on my part, have made it necessary that I should appear before you for the proper vindication of my own standing before this honorable Legislature and my fellow-citizens at large.

The late report from N. Noble, the present Fund Commissioner, containing charges against myself, which, if true, should condemn me before an honest public, induces me to ask a faithful hearing at your bar. I have passed many days beyond the meridian of life, and however conspicuous may have been the weakness and frailty of my nature, I believe hitherto none have questioned the general integrity of my purpose. I have received many marks of kindness from the people of Indiana of a public character, for which I am under deep obligations ; and although now in the humble walks of private life, yet duty to those friends who have hitherto sustained me—duty to myself and family—requires that I should repel the base and unfounded imputations cast against me by the above report.

In doing this, I regret exceedingly that it is out of my power to present you a brighter picture of our public debt or of my own sagacity, so far as I have been connected with it. Let me beg of you, however, to remember that during the time of my service as Fund Commissioner, we have passed through an ordeal of depression unparalleled in the history of our country. Bankruptcy and ruin have visited every class of society—and, while Indiana has been greatly the sufferer, yet the times have proved equally disastrous to other States, as well as individuals. The banks themselves have failed in every direction around us, and all at that time were in a state of *suspension*. Let me ask, who is it that had large transactions, of a pecuniary character, to manage, that did not occasionally meet with losses ? The ablest and most experienced knew not where to repose confidence. Difficulties and embarrassments beset them in every step, and I hope it will not be forgotten that other commissioners, although acting in more auspicious times, and with more advisers than myself, have lost more money to the State than has been sustained through my agency.

And whatever I may have to say in relation to the report of N. Noble, or the charges conveyed by it, I shall speak plainly, as one who is conscious of rectitude of intention, however liable to the imputation of having been occasionally the dupe of a misjudged confidence. Nor do I expect to subject myself to the charge of adopting a hypocritical cant, so peculiar to some men, by expressing regrets that I do not feel, and a solicitude that is foreign to my bosom.

My experience in life has taught me the dangerous consequences frequently to be apprehended from political collision, and that in many instances we are never to receive forgiveness when having attempted to cross the path of the ambitious. I cannot, however, indulge the belief that the feelings excited by a contest some years since for the first office in the State, between the author of this singular document and myself, shall have originated the present attack upon my public conduct, or the many wrongs received until the present day from the same quarter. I hope that the extraordinary errors with which the report abounds, may at least have arisen from an honest endeavor to a faithful discharge of his public trust.

It is true that the State is loaded with a vast debt, growing out of the system of internal improvements adopted in 1836, and that this system has fallen by its own weight; that it now lies lifeless—unhonored and unwept. That the people are groaning under the burthen of taxation imposed in consequence of it. It is equally true that the people were told from high authority (Gov. Noble's message, 8th Dec. 1835) "That you may safely expend the amount of ten millions without calling on the present or future generations for the present or future payment of any portion of the principal under the process of taxation," and further, "That the additional revenue required to meet the interest on the loan would increase the whole amount of tax now paid by our citizens one-half; that is, he who pays one dollar would have to pay the further sum of *fifty cents each year*." The taxes are already forty cents on the hundred dollars for state purposes, and this not more than half equal to the amount required to meet the demands against us. The consequence is, that the State is without credit and a dark cloud of dismay hanging over our fellow-citizens. The public are awakened to their situation, and on account of the disasters which have attended the system from the beginning until the present day we have a right to expect that the current of private and public indignation must fall somewhere. Is it then hard to conceive that those who have been thus instrumental in involving the community by such gross misrepresentations into the system, should desire to turn the attention of the public from themselves to those who have borne a lesser share in the evil? For my own part, I am willing to admit my participation in the system, and bear my portion of the public odium, but cannot willingly submit to become the "scape-goat to bear the sins of others." If error has been committed in our State policy, it is our duty, as far as possible, to correct, and not to censure. We know that the passage of the internal improvement bill was hailed with joy and gladness that made the "welkin ring;" and, if in the midst of enthusiastic feelings,

visionary schemes have taken their origin, and heartless frauds been practised upon us, let the experience which we have gained be employed in guarding the future, and not blaming the folly of the past.

In passing upon my acts, I invite the most critical scrutiny into any speculations made or attempted to be made by me, with the funds of the State, or into any other transaction done as a public agent, by which I was directly or indirectly benefited as an individual. True, it was my misfortune occasionally to be overreached by the wily speculator, and that in other instances, those with whom I transacted business failed to comply with their engagements, although acting in good faith. You are aware, I presume, that no sufficient provision had been made by law for the payment of the interest on our public debt; and yet I felt myself imperiously called upon to support the credit and honor of the State at every hazard. Funds had to be borrowed for this purpose, and I determined to obtain them, even though it should be at a pecuniary sacrifice. In fact, such was the pressure of the money market, that they could not be otherwise had. In this determination, I expected to be sustained by every good man—every true hearted Indianian. I conceived that it would be deep condemnation and disgrace to see the plighted faith of my State violated, when it could be avoided at any reasonable sacrifice. I could not brook the idea that Indiana should be the first to fail in meeting her engagements—such were my views at the time. Hence, I hypothesized the bonds of the State, and commenced to bulfit a set of unfavorable circumstances, such as no other commissioner ever had to encounter. It was thus, that I was led into innumerable difficulties, and although sustained in my course by a subsequent legislature, yet I am now satisfied, that my reputation would have suffered far less, had I made no attempt to pay the interest according to our express agreement.

And here I hope it may not be improper to observe that my successor in this particular has a decided advantage over myself. He contracted no loans whatever, but had he occupied my place, I doubt not, that as many fatal errors would have marked his career, as attended my own. He was differently employed, and I suppose a part of his time was occupied before the *New York Chancellor*; for during the past summer, I have seen a printed bill in chancery, scattered over the eastern cities, and spread before the people of Indiana, in which I was made a defendant. Why was this? Is not such a course unusual? Did the commissioner expect by such *ex parte* testimony to convince the public, that he was the vigilant officer, and that I had proved treacherous to their interest? Was he aware that he had committed a gross contempt of court, for which he was liable to a severe penalty had I thought proper to proceed against him? I can only say that such attempt to prejudice the mind of the court and country, is but rarely known in the history of judicial proceedings.

I will now proceed to notice more particularly the charges contained in the report of Mr. Noble, the first of which is an attempt to show a discrepancy between my report to the legislature of the 10th

of Feb. 1841, as to the amount of money borrowed, and the amount reported to Mr. Noble, in the spring following. So far as regards my report to the legislature, I had no guide but my recollection, as my trunk and papers were at the town of Madison, and I then informed the Legislature that "I would proceed to answer the questions from the best lights before me." Fortunately my recollection did not fail me in any material point. I then reported:

"1st, Through Drew, Robinson & Co., for	-	-	\$134,000
2d, Through John J. Palmer, President, for,	-	-	45,000
3d, Through M. B. Sherwood, for	-	-	91,000"

Stating the whole amount borrowed at - - - \$270,000

In paying the interest for Jan. 1841, I paid out of my own money \$14,000. This amount I directed to be supplied by a loan when I left N. York, about the 15th of January, 1841, and the \$14,000 to be paid to Ed. R. Biddle, on a contract had with him for North American Trust and Banking Company certificates, which contract will be hereafter explained. This \$14,000, although due to Mr. Biddle, was not paid by Robinson, under an arrangement between themselves, until the 1st of March, following; yet at the time of my report it was to all intents and purposes a loan to the State, and as such I reported it. At the same time I had in the hands of Drew, Robinson & Co., of Washington county money, belonging to the State, \$20,000. This money by agreement, was to be kept until the first week in February, and then put into circulation by Robinson, and the amount to be applied to lift loans made by Sherwood. At the time of my report I entertained no doubt but that such application had been made of the funds. This, however, afterwards proved to be a mistake. The bank failed, which of course, left the loan as it original stood at \$111,000 from Sherwood, and not \$91,000 as reported.

Add to this the \$24,000 borrowed from Palmer, and it makes the sum of - - - \$135,000 00

The loan from Drew, Robinson & Co. 134,000 00

Less the check on the Merchants Exchange Bank, Buffalo, not recollected at the time of my report, - - - 2,825 00

131,175 00

The loan from J. J. Palmer, President, not 45,000 dollars, as reported by me, but amounting to - - - 47,378 75

Less the amount taken by Sherwood, 24,000 00

23,378 75

Making the actual amount of loans - - - \$289,553 75

If the \$20,000 of Washington county paper had been paid, as I had a right reasonably to suppose that it would be, the loans would have been reduced to the sum of \$269,553 75.

Which is within a fraction of the amount reported by me on the

10th of February, 1841; and this fraction would not have existed, had I recollected the check on the Merchants Exchange Bank above noticed, of \$2,825, and also the \$2,378 75 borrowed of Palmer, over and above the \$45,000, before reported; for, by adding the former to the \$269,553 75, and deducting the latter from this aggregate, it makes the precise sum reported on the 10th February, of \$270,000.

Thus it may be perceived that the loans made at the time of my report, of 10th February, 1841, was \$239,553 75,—and the amount reported to the present fund commissioner, was \$289,632 62; and here it is proper I should remark, that at the time Mr. Noble requested of me the amount of loans made, I was in the city of New York, and made the statement to him on paper in his presence from recollection merely as he knows, without a book, or memorandum of any kind, by which to refer. I told him at the time, that I would not undertake to be precise in the amount, but would procure a statement from those of whom the State had made loans, and furnish him at another time with the precise amount. This is evident from Mr. Noble's own showing, as he states in his report, that "I renewed my request to Gen. Stapp, and asked him to furnish a written memorandum from each broker." His request, as he admits was complied with, and the answer of Nelson Robinson appears in his report. Yet I am at a loss to conceive why he has not given us that of Messrs. Hunt & Co., also, as I am sure it would be found to correspond with the statement here made, except so far as the interest account may have been added. One thing at least is gratifying, that the amount reported to the legislature, and the statement made to Mr. Noble, from bare recollection and under such circumstances, present so inconsiderable a difference.

The amount given to Mr. Noble as above was stated as follows, as may be perceived by his report:

"J. S. Hunt & Co. (Sherwood)	-	\$47,500 00
1st Loan,	- - - - -	50,000 00
2nd Loan,	- - - - -	13,500 00
3d Loan, from Palmer,	- - - - -	24,000 00
	-----	\$135,000 00
Nelson Robinson—		
1st Loan,	- - - - -	50,000 00
2d Loan,	- - - - -	50,000 00
3d Loan,	- - - - -	17,132 62
4th Loan,	- - - - -	14,000 00
	-----	\$131,132 62
"Caman & Whitehouse,	- - - - -	18,500 00
"Merchants' Bank, say,	- - - - -	5,000 00
	-----	\$289,632 62"

By this it would appear that Sherwood had taken up \$24,000 of Palmer's loan, and Caman & Whitehouse had loaned \$18,500, supplying the place of Palmer. The residue is charged to the State by the Merchants' Bank, which I put down at "say \$5,000." Palmer is

the President of the Merchant's Bank, and when I speak of the Palmer loan, I mean the money borrowed of the Merchants' Bank.

Palmer loan then, was	-	-	-	-	-	\$47,378 75
Of which Sherwood lifted	-	-	-	-	24,000	
And Caman & Whitehouse,	-	-	-	-	18,500	
						<hr/> 42,500 00

Leaving due to the Merchants' Bank, only \$4,878 75, being \$121,25 less than I had *supposed* in my statement to Mr. Noble. Where then is this \$900 which he had noted with such peculiar emphasis? Does he include interest paid by the Merchant's Bank for the State? Surely he knew that I had only intended to estimate the principal, for I had not settled the interest, and could not know the amount of interest due. He had only requested a statement of the amount borrowed, and not the interest due, and I entertain no doubt that by the 1st of March or April, Palmer's interest would have been fully \$900: and so the interest due to J. S. Hunt & Co., and also, N. Robinson, may have amounted to \$4,000 each. I confess that as I pass along through this extraordinary document, and see the strange attempts to mislead the public, I feel myself at times almost incapable of speaking in those tones of moderation, which respect for your honorably body demands.

But Mr. Noble says that I reported to the Legislature that there were only 540 bonds pledged for these loans, while the number was much greater. I have already noticed the failure to pay the \$20,000 of Washington county paper, which would have reduced our loans to \$270,000, and consequently the number of pledged bonds to 540. The receipts in the hands of Mr. Noble show that two bonds, for each \$1,000, are pledged, and no more. The surplus of bonds were at all times subject to the order of the Fund Commissioner. They were left with the parties on deposit, and not pledged, consequently were free to be withdrawn at any time.

Mr. Noble states that the "Iron Bonds," for \$300,000, were also pledged to Mr. Robinson. Upon this point it will be necessary to remark that much anxiety had been expressed in many parts of the State, and from highly respectable sources, that the credit of our bonds should be kept up during the year of my service as Fund Commissioner. In the time, a change in the administration of the National Government had taken place, which induced a hope that greater stability would be given to the commercial operations of the country. Hitherto our bonds had been gradually depreciating, but it was believed that if the accruing interest should be punctually paid, and the necessary means adopted to keep up their value for a short time, their price would improve. With a view to this subject, I thought it would be the interest of the State to take up a considerable amount of bonds that were floating in the market, the effect of which was to depreciate their value, that their amounts might be placed in the hands of more substantial persons. Accordingly I requested Mr. Robinson to purchase them in, and agreed to indemnify him for any losses that he might sustain in the operation. This agreement took place about the 13th of January last. Mr. Robinson stood high as a broker—as to myself, I had every confi-

dence both in his integrity and capacity. In pursuance to our agreement, he went into the market, and the fact being publicly known that he was acting as the agent of the State for carrying her loans—that he had purchased a large amount of her bonds, and was acquainted with her ability to pay, had at once a favorable influence on their value—so that Illinois 6 per cent. bonds, heretofore more ready of sale, fell below them. But our brightest hopes are often suddenly dashed to the earth. The failure of the Bank of the United States, and other concurring causes, which the most vigilant and skilful could not have anticipated, threw such a panic into the money market, that the downward course of our bonds could not be arrested—Robinson himself suffering immense loss, was forced to yield to the circumstances that surrounded him, and insisted upon holding on to the Iron Bonds as a security against the losses he had sustained on our account—not that he deemed them as affording him any thing like an indemnity, but as being the only means within his grasp by which to save himself from an entire loss. I entertained a hope however, that some arrangement might be made with the Morris Canal and Banking Company to pay those losses, and get up in lieu a part of their *iron contracts*. Accordingly I made an agreement with the company to such effect, but they were not able to consummate it, and of course the contracts had to be given up.

Robinson had no confidence in the Morris Canal and Banking Company, and placed but little value on the Iron Bonds. In fact, he considered them as a very inadequate security against the losses he had sustained in the purchase of our bonds. His opinion of them was like that of Mr. Noble, as expressed in his report, when he declares that “At the time of their execution, these ‘Iron Bonds’ could only have been intended to *count*, for they were any thing but what they purported to be—a security.” Robinson, I found on my return to New York about the 1st of March last, was very much alarmed at his situation on account of his transactions for Indiana. He was without any evidence of his authority to act, except my word, or any sufficient security: his fears were not without reason. To quiet his apprehensions however, I put on paper my understanding of our contract in the preceding January, and took from the vaults of the Merchants’ Bank, the 294 bonds mentioned in Mr. Noble’s report, and took Robinson’s receipt therefor. It will be recollected that at the time I took the receipt, I had a successor in office. Robinson supposed the indemnity would avail him nothing unless *anti-dated* to the time when the verbal agreement was made. While acting as the Representative of the State, I had made a verbal agreement to secure him against loss. A sense of justice dictated that I should make my words good as far as in my power—not out of my own pocket, for I had not acted for myself, but out of the funds of the State. The \$300,000 of iron bonds were shortly afterwards delivered to Mr. Noble, though he seems to have forgotten to mention the matter in his report.

Mr. Noble says, “That Robinson proved by his Clerk that about the time of the date of the letter of authority, Drew, Robinson & Co., had on hand

80 of our bonds, and that General Stapp had agreed to take them at 75 cents to the dollar." I have already stated the motives which influenced a wish on my part to take up that portion of our bonds which were floating in the market, and that I had agreed with Robinson to purchase them in. He had expressed a determination to throw the 80 bonds in his possession into market, but proposed that if I would consider them as a portion of the bonds to be purchased, that he would hold on to them until he had an opportunity of selling them into strong hands—to which I agreed, believing at the time that the State would make by the operation. In fact, anticipating a greater stability in moneyed affairs, and an improvement in our bonds, I supposed the State would save by the arrangement: and with proper means for the punctual payment of our interest, and without the reverse of times, not expected by me, such would have been the result.

Mr. Noble says, "Of the \$60,000 charged to be in the hands of Mr. Robinson for the private use of General Stapp, \$30,000 were given up. The remaining \$30,000 were pledged by General Stapp a year before, in security for money to protect \$30,000 of Newburyport money which he had received of that bank of Dodge, and had agreed in writing to protect the paper for a year. The last mentioned 30 bonds, when delivered to Robinson were left as the property of the Madison company, and for that reason I found I could not ask the Chancellor to restore them as the property of the State. Ten of these were given to General Stapp in August, leaving \$20,000 in the hands of this house. The Madison company, since my return home, deny having any property in the bonds, or knowledge of their being pledged in their name with Robinson. They are of course public property, and a letter has since been addressed to our attorneys at New York, requesting Robinson and his firm, to be notified not to deliver the remaining 20 bonds to General Stapp, nor to any one, but the agent of the State."

How did Mr. Noble come to the conclusion that these 60,000 dollars were in the hands of Mr. Robinson, for the "*private use of General Stapp*?" This last assertion is but a reiteration of the same charge on the seventh page of Mr. Noble's report, where he says, "I ascertained that Mr. Robinson was in possession of \$60,000 of bonds, not reported to me, on which he was making *some operations* for the *private purposes* of General Stapp." Mr. Noble does not inform us what these operations were that he ascertained Robinson was making for my *private purposes*. Thirty thousand dollars of this amount was, according to his own showing, given up by Robinson, and the remaining \$30,000 Mr. Noble says, "were pledged by General Stapp a year before, in security for money to protect 30,000 dollars of Newburyport money which he had received of that bank, or of Dodge, and had agreed in writing to protect the paper for a year." Now, it seems to me that this statement, containing so serious a charge against my integrity, is made very much at random, and presents, according to his own showing, a singular inconsistency.

In the fall of 1840, I sold to the Newburyport Bank, through Dodge, or to Dodge himself, (and I am not fully informed whether he was acting for himself or the bank,) thirty bonds for 26,400 dollars in paper on the Newburyport Bank, which was to be held to the first of July following. The coupons of the bonds of

the first of January, 1841, being cut, and the interest paid on the \$26,400 from the first of January to the first of July following. To indemnify the bank against a return of this money, (the bills being marked,) I gave Drew, Robinson & Co. as security to this bank, and gave to this company the thirty bonds in question to indemnify them. The standing of the bank at this time was good—its notes passed freely, and no doubts were entertained of its entire solvency. This money I intended to hold to assist in paying our interest in July 1841. Afterwards, however, on more mature reflection, I concluded there might possibly be some hazard in keeping the money so long on hand, and as it was needed on the railroad, I proposed to the Madison company to take the money—circulate, and protect it, and return to me the bonds. This they agreed to do. The bank failed in February following, and in consequence, the company sustained great loss. They are now preparing to return the bonds, and will do so in a short time. The failure of the bank, however, has released Drew, Robinson & Co. from any responsibility, and of course released the bonds in question.

As to the remaining thirty bonds, I need only say that I purchased of Nelson Robinson, on the 13th of April, 1841, thirty Indiana State bonds, according to the receipt set out in Mr. Noble's report, with a view to carrying out a contract made between Sherwood and myself, as fund commissioner, relative to fifty bonds, which will be more fully explained when I come to treat of my transactions with Sherwood, and I left with Robinson thirty sterling bonds as collateral security. The purchase however, of Robinson, of the thirty Indiana State bonds, was afterwards in the month of July rescinded, and I took Robinson's receipt for the safe keeping of the bonds, and to account to me for them when called upon. Of all which Mr. Noble was informed.

But my letter to Mr. Robinson, of the 6th of July, 1841, is a subject of complaint in the report, and Mr. Noble says, "that the manifest object of General Stupp in writing this strange letter, was to sustain Mr. Robinson in the pretensions that his contract was not due," &c. This letter, *strange* as it may appear to Mr. Noble, was written in accordance with my understanding of the contract between Robinson and myself, at least so far as my own conversations and wishes were made known to Mr. Robinson; and fairness on my part demanded that our understanding should be so stated, as to enable him to use it if necessary. The letter contains facts which are true; but I may have been mistaken as to conclusions drawn from Mr. Noble's words and acts. Robinson, however, is ready to testify that Mr. Noble did authorise him to sell the bonds, and carry the loans over January next, and then return the same or similar bonds. This fact is confirmed from the circumstance that Mr. Noble has authorised J. S. Hunt & Co. to carry the loans until March next. It is confirmed, also, by another fact, that Mr. Noble urged Robinson to take up as many of the loans as he could from J. S. Hunt & Co., and through my aid prevailed on him to take \$20,000.

I shall now proceed to notice that part of the report which refers to my transactions with Sherwood, and from the circumstance that I did much business with this individual, I hope that it may not be deemed improper to speak of the manner in which he obtained my confidence.

In October, 1838, before I had any acquaintance with Sherwood, my predecessors, Dr. Coe, James Farrington, and Caleb B. Smith, Esqrs., sold to the Erie County Bank, through Sherwood, their president, \$100,000 of our stock, on a credit running to the first of September, 1839. The first payment became due on the first of May, 1839. The payments were promptly met, and without the least difficulty. In July, 1839, my associate, Mr. Scott, sold to Sherwood \$200,000 more of our stocks, in my absence. When I arrived at New York, soon after this sale by Mr. Scott, deeming it a hazardous one, I made objections to its consummation; but the arguments of my associate in its favor were satisfactory, and I gave it my sanction. Thus, four of our fund commissioners, of high standing in the State, had given him credit, and seemed to be satisfied with the character and ability of Mr. Sherwood, before I had any transactions with him. For a while he met all his liabilities with great exactness; and when, afterwards, he began to relax, he pleaded as an excuse the failure of the western banks, alleging that they had cramped his operations for the time being. Sherwood was a man of business habits, shrewd and active; and so far as his first business with the State was concerned, appeared to have acted with promptness and integrity. In the months of May and June, 1840, he had rendered me great assistance in providing money with which to pay the interest on our State debt. It was thus, that he gained on my confidence, and not on mine alone, but on that of hundreds of the most able and sagacious dealers in the country. In fact, Mr. Noble at this very time has in his confidence and employment, gentlemen who aided in elevating Sherwood to the presidency of the Dry Dock Bank; these very gentlemen, too, of as high standing, and inflexible integrity as any in the land. But our knowledge of mankind has taught the most of us that, when men who have occupied some little prominence in the country, begin to sink, and their true characters to develope, there are many who pretend to have anticipated their downfall, yet had not thought proper to express their opinions. In other words, are very wise when the event has happened, and could have told all about it, had they been asked.

And here it is but justice to myself that I should make some observations relative to the Gallipolis Bank, as I received some of its paper, which afterwards became worthless to the State. Previous to the time of my having any knowledge of the existence of such an institution, Sherwood had brought to the town of Indianapolis, about \$75,000 of its paper, and long before I had seen one of its notes, they were passing currently through the State. Even Mr. Noble, then the president of the board of internal improvements, was paying it out to the hands employed on our public works. In saying

this, I do not wish to be understood as casting censure upon those who may have given circulation to this paper, but merely to show that I was not the first to introduce and recommend it to the people of Indiana. Before making any loans for this paper, I had received it in payment of my private claims, and paid it out as other money, having no doubt of the solvency of the bank. Afterwards, when propositions were made to me to sell the bonds of the State for the paper of this institution, I visited the bank, and found its directors gentlemen of wealth and standing, equal to any in Ohio. And even a short time previous to its failure, an expose of its affairs was published in the Cincinnati papers, exhibiting them in the most imposing light. Prior to the time of making the last sale of bonds for its paper, I had a conversation with Mr. Hanna, the president of the Lafayette Branch Bank, who spoke of its favorable circulation in his neighborhood. He received of me for the bank, 10,000 dollars of this paper, and declared his willingness to receive \$50,000 more. Afterwards, Mr. Hanna expressed his surprise that the board of directors of the Lafayette Branch Bank refused to receive the paper of the Gallipolis Bank. I make these statements to show you the motives which influenced my acts at the time. They may fail to convince you of my prudence, but they develop the principles upon which my official conduct was based. I hope there are many among you, who, if you had at the time occupied my station, would have evinced more wisdom. Yet, let it be remembered, that human ingenuity can scarcely provide against the breaking of rotten banks and corporations. Every few days brings us the tidings of some one having burst to pieces, spreading poverty and distress all around them, and heeding not the tears of the widow and the cries of the orphan; whom they have thus reduced to beggary and want. There is no other alternative at such times but to do no business at all, or otherwise meet with occasional losses.

In regard to the statement of Mr. Noble, relative "to Sherwood's liabilities for bonds trusted with him," I frankly confess that I do not understand his figures as put down, or, if I do, there are at least three mistakes in the statement. 1st, He has charged Sherwood with 100 bonds that he never received. 2d, He has omitted to charge him with 40 that he got from J. J. Palmer; and 3d, Sherwood has not been credited with 50 bonds of which he was released from all liability by a contract made with me. Nor do I understand what Mr. Noble means when he says: "In his description of the bonds said to be sold to Sherwood, Gen. Stapp describes the same 30 in each delivery; but in his written information he *intends* to say the two sales were for the 300,000 dollars." I am sure that I never *intended* to say any such thing as is imputed to me. Why did Mr. Noble not publish my *written statement*? It would have shown for itself what I *intended* to say. I have no recollection of ever having said to Mr. Noble, either on paper or verbally, that I had sold to Sherwood 300 bonds in the sales made to him in 1840. My bond account, however, will be exhibited

with this communication, and that will describe every bond held or disposed of by me.

I have already stated the reasons which induced my confidence in Sherwood. In May or June, 1840, I made him the agent of the State to carry its loans, which had become necessary to pay the interest on the State debt for July, 1840, and January, 1841; and to facilitate him in his operations, I frequently trusted him with a second set of bonds, to change the loans, and make new ones. When the old loans were taken up, I received the bonds upon which they had been made, receiving and surrendering receipts in every new transaction. Thus business was conducted between us until about the middle of January, 1841, when he was elected a director in the Dry Dock Bank, of which it was understood he would soon be made president. It was then agreed between us, that so soon as he should be elected to the presidency of that institution, he should make arrangements through it to carry our loans for twelve months. He was elected as anticipated, and in order to enable him to prosecute our arrangement, a second set of bonds was given him, to be placed in the Dry Dock Bank, and thus through that institution to make a long loan, and take up the short ones already made, thereby releasing the bonds on which the old loans were made, and placing them in the Dry Dock Bank, subject to the order of the Fund Commissioner.

Sherwood also took up a loan made by J. J. Palmer, of 24,000 dollars, and received of him 40 bonds which were to be placed in the Dry Dock Bank as others. Also in May or June I sold him one hundred (100) sterling bonds and 50 dollar bonds, to be paid in treasury notes of the State of Indiana. The first at 98 cents to the dollar, and the latter at 88 cents to the dollar. Afterwards I agreed to deliver him bonds, as he might deliver me current bank paper, which was to be placed in the hands of agents to be agreed upon between us for the purchasing up of outstanding treasury notes, to be held by them, however, for the use of the State of Indiana, until a settlement with Sherwood.

In accordance with this agreement the money was all paid, and the bonds delivered between the first of June 1840, and the 10th of November following. The money was chiefly in Gallipolis paper. In consequence however of a portion of said money being too large for circulation, 50,000 dollars was returned to the bank by Schoville the Cashier, to be exchanged for smaller bills. Subsequently in December following, I met Schoville and Sherwood in New York, when they assured me that the small notes were being prepared, and would soon be on their way to Indiana. I then sold to them 50,000 dollars more of dollar bonds, at 88 cents to the dollar, which was intended for the Lafayette Branch Bank, induced by the conversation of Mr. Hanna, the President, to which I have heretofore referred. I took their accepted check for 97,000 dollars covering the following items:

Large notes returned to the bank,	\$50,000
50 bonds at 88 cents to the dollar,	44,000
Interest on sterling bonds,	3,000
	<hr/>
	\$97,000

The check was sent to William Hendricks to be handed to the messenger employed to take the money to Madison. The cashier however failed to send the money as he promised, and the check is still on hand. Soon afterwards (February) the Gallipolis bank failed, and letters from Sherwood filled me with apprehension at the prospect of serious losses to the State from my operations. I repaired immediately to New York, and soon found Sherwood, who assured me that he could and would return the bonds he had received of me in 1840. He immediately proposed to give me the equity he held on a claim against a firm in the city, for 180 bonds, which he supposed could be collected without doubt, and also his stock in the Dry Dock Bank which he alledged cost him 110,000 dollars, and his Chitauque Bank Stock amounting to 65,000 dollars. The first encumbered with a lien of 47,500 dollars, and the second with 25,000 dollars. But with the assignment of these liens, he proposed that I should release him from his liability on the bonds: to this I could not consent, inasmuch as the State would have to assume the encumbrances. Finally, he agreed to give me the equity against the firm named, and also his stocks in the two banks above mentioned: reserving to himself, however, the right of continuing in possession of the bank stock until the encumbrances were removed, the residue to be held for the use of Indiana. In this it was understood that the contract for the sale of the 200 bonds should be rescinded, or rather that he should be permitted to return them to the State, together with the hypothecated bonds. For this purpose the assets which were in the hands of his agents in the western country were to be used to purchase bonds to be returned to Sherwood's credit, and take up some uncurrent paper which he had previously agreed to lift. The assets were chiefly in treasury notes, and it was agreed that I should receive them from his agents, and turn them into bonds to be returned as above. Having examined into the amount of assets, I undertook to return 50 bonds for them. The price of our bonds then being 55 cents to the dollar, and the assets being sufficient for that purpose. It was to carry out this contract with Sherwood, that the 30 bonds were hypothecated to Robinson, and which are the same bonds spoken of so frequently by Mr. Noble in his report, as being retained by Mr. Robinson for my *private use*. This whole contract was made for the benefit of the State, and I humbly conceive may yet be made to return all the bonds hypothecated to Sherwood, if the proper means shall be adopted to effect the object. So soon as I am free from the embarrassments occasioned by the report of my successor, I shall proceed to New York, and endeavor to right up this matter by prosecuting for this 180 bonds, unless the State's agent shall take it upon himself to do so.

The following statement shows Sherwood's liability for bonds in the transactions above referred to:

One hundred dollar bonds, numbers from 4,331 to 4,380, and from 4,401 to 4,450,	- - - - -	100
Hypothecated dollar bonds, numbers not known,	-	18
Hypothecated dollar bonds, numbers from 4,551 to 4,600,	- - - - -	50
Hypothecated bank loan dollar bonds, from one to 23,	- - - - -	23
	<hr/>	91
Sterling bonds sold, numbers from 1,771 to 1,790,	-	20
Bank loan sterling bonds, numbers from 363 to 390,	-	28
Bank loan sterling bonds, numbers from 849 to 900,	- - - - -	52
	<hr/>	100
Hypothecated sterling internal improvement bonds, numbers from 1,901 to 1,940,	- - - - -	40
From 1,951 to 1,960—from 1,970 to 1,979—from 2,001 to 2,080,	- - - - -	100
From 2,177 to 2,200—from 2,276 to 2,310—from 2,601 to 2,700,	- - - - -	159
From 2,801 to 2,900—from 2,101 to 2,140,	- - - - -	140
	<hr/>	439
Whole amount,	- - - - -	730
Of which bonds he has returned to J. S. Hunt & Co., sterling bonds,	- - - - -	216
Dollar bonds,	- - - - -	54
And returned to me equivalent to	- - - - -	50
	<hr/>	320
Leaving due from Sherwood, of bonds,	-	410

The latter are numbered as follows:—

Bank loan <i>dollar</i> bonds, numbers from 1 to 23,	-	23
Internal improvement dollar bonds, from 4,452 to 4,456,	- - - - -	5
4,457, 4,458, 4,459, 4,460, 4,478—from 4,519 to 4,547, 4,549,	- - - - -	35
4,550, 4,552, 4,553, 4,554, 4,557, to 4,562, 4,564,	-	11
4,566, 4,567, 4,568, 4,575, 4,578, 4,579 4,580,	-	7
4,582, 4,594, 4,597, 4,598, 4,599, 4,600,	-	6
	<hr/>	87
Sterling internal improvement bonds, numbers from 1,771 to 1,790,	- - - - -	20
1,901 to 1,906, 1,910, 1,911, 1,919, 1,926 to 1,940,	-	24
1,951 to 1,960, 1,970 to 1,979, 2,001, 2,003, to 2,015,	-	34
2,018 to 2,021, 2,073, 2,080, 2,178 to 2,200,	-	29

2,276 to 2,300, 2,302 to 2,309, 2,601 to 2,654,	-	87	
2,656, 2,657, 2,658, 2,665 to 2,674,	- - -	13	
2,684 to 2,700, 2,806 to 2,807, 2,808,	- - -	20	
2,826 to 2,839, 2,841, 2,877,	- - - -	16	
		<hr/>	243
Bank loan sterling bonds, numbers from 363 to 390,	-	28	
Numbers from 849 to 900,	- - - -	52	
		<hr/>	80
Bonds,	- - - - -		<hr/> 410

I would here observe that M. B. Sherwood employed his uncle Samuel to commence suit for the 180 bonds heretofore named, for my use, or that of the State of Indiana, as I might direct. The bill was drawn, but not prosecuted, for the reasons assigned in the annexed letter, marked A.

Mr. Noble, on the 17th page of his report, has spread at full length, an instrument of writing from Sherwood, as President of the Erie county Bank, guarantying the solvency of the Gallipolis Bank, and binding the Erie county Bank to redeem all such money that the State may have on hand at any time of the Gallipolis Bank. The instrument is dated "Erie county Bank Buffalo, December 17th, 1840," and at the bottom, Mr. Noble adds a note in which he asserts, "That neither Sherwood or Stapp were at Buffalo at the date of the instrument." It is true that the instrument was taken in the city of New York, and if Mr. Noble had reflected but for a moment, he never would have descended to animadvert upon such a point. We had long had some instrument of writing from the Erie county Bank to secure the soundness of the Gallipolis paper, and it will be perceived from the instrument set out, that it was my object to bind the Bank, and not Sherwood himself. How could this be done, except as the instrument bears date at the Bank itself? Does not Mr. Noble know that this is necessary to give the writing legal effect? He also infers that something is wrong from the circumstance "That some of the bonds were in possession of the Gallipolis Bank in June, six months before the date of the sale to Sherwood." If Mr. Noble had looked into the instrument of guaranty, he would find that it expressly refers to sales made previous to its date. Mr. Noble however thinks that the above noted circumstances, and the receipt he holds for the 490,000 dollars of stocks in Sherwood's hands, "Were executed in March to cover up unfortunate transactions with Sherwood." This is one of Mr. Noble's inferences, without proof or foundation, as I think, has already been shown, not only to the satisfaction of every candid mind, but even that of Mr. Noble himself. In fact, such inferences are rarely found in the annual reports of public officers. They generally contain plain statements of facts, and not attempts to pry into the motives of men. I could draw inferences too, if I would descend to the work, that would sound as grating to the ears of Mr. Noble, as any contained in his report, and many with much more of foundation.

The report alledges "That the Cashier of the Erie county Bank denies that check," (being the check for 97,000 dollars on the Gallipolis Bank.) I cannot say that I am familiar with the hand writing of the Cashier of the Erie county Bank, but he was in the city at the time the check was handed me by Sherwood, and I believe the signature to be genuine. With whatever bad

faith Sherwood may have acted, I cannot yet believe him capable of forgery.

In answer to so much of the report as alleges that Mr. Palmer did not sanction the sales to Sherwood, and that I did not notice them in my statement of sales to the Legislature of the 10th of February, I need only say that I did not consult Mr. Palmer in reference to them, because by previous arrangement, we had divided the business—he to attend to the business West, and I, that of the East. We seldom saw each other, and could not possibly understand the bearing of each other's transactions. Neither did I report the sales to the Legislature, because at the time of my report, the Gallipolis Bank had failed, and I was under the firm conviction of being able to obtain a return of the bonds from Sherwood, in which event it would not have been considered in the light of a sale. I would here remark, however, that in our report of the 11th of December, 1840, we did notice the sale of 150,000 dollars of these bonds to be paid in Treasury notes, which we informed the Legislature "would be reported when fully consummated."

The report alleges "In farther confirmation of the opinion that the papers were prepared to cover some other transactions, I will refer to the list of sales in hand writing of General Stapp, left at the office, in which he says ten of the bonds named in the Sherwood sale of December, were sent to London to be exchanged for "Irregular bonds;" and also, that seventy of them were delivered to another party, describing the same numbers." Here is another instance in which Mr. Noble refers to written statements, which he says are in his office, but which are not given to the public, and coupled too with more of his inferences. His facts and conclusions are so interwoven and jumbled together, that one hardly knows where to begin his defence. Why not have given us this list of sales? so that if they were not sufficiently explained on their face, I might at least have an opportunity of setting them right. It is like the prosecutor, who charges the general offence of larceny, but does not specify the particulars, that the accused may prepare his defence. The indictment is bad, and ought to be quashed. If Mr. Noble had given me the number of those bonds, or names of those to whom they were delivered, I know that I could have successfully refuted the charge.

Mr. Noble, still blending conclusions and statements of what he would call fact, says:—"It was to accommodate Sherwood that General Stapp, after putting out all the bonds executed by Palmer, hunted up an old package of *dollar bonds*, "Bank Loan," (which had been signed by his colleague, Mr. Scott, then rejected, and others engraved;) and after signing them, put them into Sherwood's hands for circulation; and now we have out 23 bonds not known in our reports, and without the authority of his colleague or of law." Mere newspaper billingsgate I would know how to treat, but we are not at liberty to pass with silent contempt even the naked assertions of those whom the State may have honored with high public employments, no matter with what undignified language such assertions may be clothed. The official station, as conferred by the people, may demand our respect, though the individual occupying it may be otherwise unworthy. How did Mr. Noble arrive at the conclusion that these bonds were not just as legal as others? The truth is, I did not sell them: but for the purpose of aiding me in raising funds with which to pay the interest on our public debt, I pledged them with Sherwood, in June, 1840, to borrow 47,500 dollars, and which has been duly reported.

I will now return for a moment to examine Mr. Noble's report of my defalcation of 692,000 dollars of State bonds. His account is well calculated to make an erroneous impression upon the mind of the mere casual reader. It

might mislead the unwary, but not those who closely examine. He first sets out those which he says "Will appear to be in the possession of the late Commissioner, and not returned to Treasurer, or reported as disposed of," and computes them at	\$2,200,000
He then deducts	1,508,090

As he says, leaving a balance "not accounted for," of	\$692,000
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Immediately under, however, he exhibits an account of bonds which he has not thought proper even to cast up, of 576,000 dollars in my favor, nor does he deduct this from the amount with which he charges me, but which if deducted would leave me in default, even according to his own shewing, the amount reduced from \$692,000 to 116,000. If he was inclined to do me justice before the public, he would at least have given me the *credit I claim*, or shown some reason why he refused. But in addition to the credits which he says I claim, in his abstract of 576,000 dollars, he has forgotten to mention the \$220,000 for which he says he holds Sherwood's receipts: 40,000 dollars which he knows Sherwood received of J. J. Palmer, and also, 11,000 dollars signed by Palmer, and now in his office. These additional amounts, forgotten by Mr. Noble, amounts to

	\$271,000
From which deduct, as shown above,	116,000

And it leaves the State indebted to me	\$155,000
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Now it is most apparent that the present Fund Commissioner knows nothing about my bond account—that he has charged me with bonds for which I am not liable, and credited me with others which I do not claim. The arrow that is aimed for another, frequently rebounds upon him that speeds it, and should Mr. Noble in his random shots, become the greatest sufferer, it is not of me he should complain, but of his own folly. Had he waited until my bond account was exhibited to this Legislature, he might have avoided these egregious errors.

The report says: "That to save the Madison company from loss in the receipt of the 30,000 dollars of the Newburyport money, General Stapp, in March last, entered a sale in the register, of 30 bonds, not of the railroad bonds of the company, but the bonds of the State, and has notified me of his claim of a credit of 30,000 dollars on his account, for the Newburyport money, if he shall not get a return of the bonds from Dodge. But the Madison company admit the loss in the Newburyport money to be their own. For these alleged sales to Dodge, no agreement or obligation whatever from him has been delivered to me." For this assertion, Mr. Noble has no authority whatever. The money I received of the Newburyport bank, which was 26,400 dollars, (and not 30,000, as alleged in the report,) was not on account of bonds sold for the Madison company, but was money which I received for the State, as is more fully mentioned in a previous part of this communication; nor had it any thing to do with the Seneca County Bank debt to the Madison company. It was the 20,000 dollars of Washington county paper that I told Mr. Noble I should claim as a credit, if Dodge should not return the bonds. As previously stated, I intended to hold to the Newburyport money to assist in paying the interest on the State debt, but deeming it hazardous to keep the money too long on hands, by agreement, paid it to the Madison company, and such an idea never entered my head as asking the State to become the loser of this money. Neither did I give any such notice of a claim for a credit for 30,000 dollars, as is alleged. It is true that at one time I thought it but right that the State should lose 8,000 dollars

of this money, but even this opinion was subsequently abandoned on mature reflection. The very paper from which Mr. Hubbard, the present Secretary of the Fund Commissioner, took his notes for a settlement of my accounts, bears me out in this assertion. I have the original in my possession: Mr. Hubbard says that he has a copy, and by this paper I charge myself in the first place, with 30 bonds, at 88 cents to the dollar,

\$26,400

I then credit myself with the money on hand,

\$26,400

And again charge myself with the sale to the Madison company of the paper,

18,400— 8,000

Which leaves a balance against me of

\$18,400

Which is again balanced by the bonds of the company, thereby showing clearly that I never thought of charging the State with more than the \$8,000 above named, of this money. It seems to me however, unnecessary to further remark upon this subject, as the claim for a credit of the \$8,000 itself has been abandoned and the Madison company are now preparing to return the 30 bonds.

The report gives a woful description of Mr. Dodge, alleging him to be "the chief man in the Seneca County Bank, N. Y.," and as having "the credit of swindling the western banks out of large sums, by the sale of drafts, two of which fell into the hands of our branches;" and then concludes by declaring "that the funds for these operations were procured of Gen. Stapp in State bonds, and a loan of \$10,000, cash. Gen. Stapp has in his hands \$20,000, of the Washington County Bank paper, not worth a farthing, for which he asks a credit on his account, and says he received it of Dodge for the \$23,000 in bonds named in the list." Now so far as concerns Dodge, I confess I have about as little confidence in him at present as Mr. Noble seems to entertain, and for the very simple reason, that I was most sadly bit by him. In the summer of 1840, Dodge promised me to pay in September following, 10,000 dollars of the Seneca County Bank debt to the Madison Company. He was punctual to his word. In the succeeding December, Dodge being extensively engaged in the manufacture of flour, and having at the time good credit, he proposed to borrow 10,000 dollars of me, to liquidate a note, as he said, which had been discounted for him in the Newburyport Bank, and the payment of which would enable him to procure to be discounted another note of still larger amount. Dodge exhibited to me a letter to this effect from the cashier of the bank, and promised that when the second note should be discounted, he would make a further payment on the debt of the Madison Company against the Seneca County Bank. Having a portion of the funds belonging to the Madison Company on hand, and some of my own, I lent them to Dodge, a portion of which remains unpaid to this day, and I am apprehensive he will *dodge* out of the payment altogether, thus leaving me minus, as well as the State. This I suppose to be the cash to which Mr. Noble refers, as I related the circumstances to him last summer.

In the month of October, previous to the lending of this money, I sold to Dodge 32 Indiana bonds at 88 cents to the dollar, for which he paid me in Washington County Bank paper 8,000 dollars, and gave his note, endorsed by Peter Bockhoven, for 23,500 dollars, as collat-

eral security. Bockhoven was ample security for the payment of the residue. Dodge paid, of the 23,500 dollars, afterwards the further sum of 12,000 dollars in the same kind of paper. The note endorsed by Bockhoven not being protested, on account of my absence from the city when due, the security was lost. The note was returned to Dodge with the express agreement that it should be renewed for an amount sufficient to cover what was due. This he failed to do, but assured me that he would return the residue of the bonds not paid for. For this we only have his word, and my confidence in the man is entirely broken down. The amount, though not great, is more, I fear, than he will ever attempt to meet. With regard to the Washington County Bank, I will only say, that at the time I received its paper it was three-fourths per cent. discount in New York, and no more.—The officers and directors of the bank were gentlemen of high standing and character, but it could not stand the shock of February last, and failed. The 20,000 dollars here noticed is the same mentioned in a previous part of this report. The paper was placed into the hands of Drew, Robinson & Co., as heretofore stated. 3,100 dollars has been sold for 1,308 dollars, which will be re-invested in State bonds. The residue of the paper is now in the hands of John D. Kinsman, an attorney-at-law, in Portland, Maine; and the cashier of the bank informs me that from the assets of the institution can be realized an amount sufficient to return the number of bonds for which it was received at their prices when we conversed on the subject.

For the information of the legislature, I submit the following list of bonds sold to Dodge, and their numbers, to wit:

Wabash and Erie canal bonds, Nos. 2,434, 2,441, 2,442, 2,443,	
2,444, 2,646, 2,647, 2,648, 2,649, - - - -	9
Internal Improvement bonds, 3,401, 3,446, 3,449, 3,452, 3,456,	
3,459, 3,753 to 3,762, - - - - -	16
Madison Railroad bonds, Nos. from 352 to 358, - - -	7
	—
	32

I come now to speak of my transactions with Danforth, in connection with whom, Mr. Noble, in his report, says: "During my visit home in May, Gen. Stapp took Danforth's bond for 45,000 dollars, and, in the recital of the consideration, Danforth says it is for 45 bonds used without leave, which had been left in his iron chest for safe-keeping by Gen. Stapp. This acknowledgment of a dishonest conversion of so large an amount of stocks to his own use, was found among my papers on my return to the city. Not being disposed to let him escape, the bond was rejected, as it had not been taken with my knowledge or assent, and Danforth was brought up in an action of trover, and held to bail in the sum of 50,000 dollars. Application was made to the court to reduce the bail, and in his affidavit he states that the bonds were loaned to him. Gen. Stapp was also examined as a witness, and the parties agreed that 30 of the 45 bonds were part of 50 loaned to Danforth by Gen. Stapp, and that the other 15 were used without leave."

On my first acquaintance with Danforth he was regarded as a very respectable broker in the city of New York. A gentleman of correct business habits. The son-in-law of Mr. Minel, one of the most wealthy citizens of Long Island, then a director in the Leather Manufacturers Bank of New York. Danforth was understood to be almost the sole proprietor of the Binghampton Bank, an institution at that time in good credit. Mr. Scott my associate had sold to him \$20,000 of bonds previous to my having trusted him with a dollar. Subsequently Mr. Scott and myself sold to him 80,000 dollars of stocks on a credit taking the drafts of the Binghampton Bank accepted by Danforth, and indorsed by Cole in payment. Again in the latter part of the year 1839 or beginning of 1840 I sold to him another 100,000 dollars of stocks on time taking the same security. The first payments on these stocks sold him, had been promptly met, and so well persuaded was I of his entire solvency and integrity, that I prevailed on the Madison company to take the contract for this last sale, to which they agreed. I deposited money in his office—constituted him an agent to transact business for me in my absence—such as to take securities—to bring suites and collect debts, all of which he performed with zeal and fidelity; under such circumstances was it strange that he should succeed in gaining my confidence? So completely had he won upon me, that I should not have hesitated to trust him with all that I individually was worth.

I did then give Danforth leave to use some of the bonds of the State, and will relate my reasons for so doing. We had already sold to the Binghampton Bank, or Danforth, for it was one and the same, a large amount of Stocks, and the institution was yet in arrearages to us some 60,000 dollars. An act had passed the New York Legislature requiring all the banks of the State included under what was called the "Free Banking System," (and the Binghampton bank was one of them,) to redeem their notes with specie, not only at their counters, but at Albany by the 4th of July 1840. It was well understood that a run would be made upon these banks for the purpose of breaking them down, and Indiana was deeply interested in sustaining the Binghampton bank, for if it went overboard we should most likely lose the amount coming to us from that institution. It was to fortify and strengthen this bank against the approaching crisis that I gave Danforth the right to hypothecate the bonds specified, believing at the same time that I was subserving the best interest of the State. It was to aid and assist a debtor, who I believe to be honest, through a storm which I hoped would soon blow over that I made this advance. Is such a course unusual among creditors? But again, could I refuse to make this advance to one whom the State had trusted with hundreds of thousands? The result may have proved unfortunate, but no act was ever done in better faith.

You will ask how I come to take Danforths bond in the form it appears? I will inform you. Frequently when I was absent from the city of New York on business, I left bonds of the State in the Iron Safe of Danforth, believing them as secure so deposited, as if in

my own possession. About the time last spoken of, there was left in this manner a number of such bonds, and referring me to the act of the Legislature just named, and the probability of needing some funds to meet the exigency before mentioned, requested the use of a portion of them, to which I assented. Afterwards in the month of April, or May, Danforth, and the Binghampton bank having failed, I had a settlement with Danforth, and was surprised to find that he claimed to have used the 45 bonds named in Mr. Noble's report, with my consent, and so expressed myself to him. I contended that I had assented to his using originally 32 bonds, twenty of which he had returned, which left 12 used by my consent. He insisted that I agreed that he might use 18 others which had been previously hypothecated with the North American Trust and Banking company, which with the 12 would make 30 altogether, but said it made no difference whether he had so used them with my assent or not, he was willing to give his bond for them, as though the whole had been used without my consent, and drew and executed the bond accordingly. Afterwards when called as a witness in the case spoken of by Mr. Noble, not being willing to do Danforth injustice about a matter in which I possibly might be mistaken, I agreed that he had used 30 of the bonds with my consent, although my opinion then was, and now is, that the number was but twelve, as before mentioned.

A word or two with regard to my transactions with the bank of Circleville. In December, 1840, I sold to Mr. Brown, the President of this institution, 50 *dollar* bonds of 1,000 dollars each, for what I supposed would be cash in hand. 16,000 dollars was immediately paid in Circleville paper, and the President of the bank informed me that 28,000 dollars, the residue, would be ready for me in the Lafayette bank of Cincinnati, as I should pass that city on my way home. For the assurance of the delivery according to understanding, I took the bond of Brown and Danforth, but when I arrived at Cincinnati, the money was not there. In the course of a few days I received from Brown a letter informing me that the run on the Gallipolis bank had caused such a panic, that he was apprehensive of danger in case they sent me the money; and also, learned from Brown, that Rennick had purchased the bank, of Danforth, and would redeem all the money I had on hand in a short time, wishing me to hold up a week or ten days. I complied with the request—but Rennick not coming down according to promise, I called at the bank in February, on my return to the city of New York, to demand payment. I was informed that they could not pay it—That if demanded they must inevitably close. I demanded some securities for the redemption of their money then in my hands, amounting in the whole to 22,000 dollars.

They then give mortgages to include interest,	\$16,000
Treasury notes,	1,000
A draft on New York, endorsed by the Bank of Circleville,	5,000
	\$22,000

The whole of which is in the hands of J. F. D. Lanier, President of the Branch of the State Bank at Madison, who superintends its collection without charge, and as the same is collected, credits it to the State on the debt due to that institution.

The following are the bonds sold the Circleville Bank, as numbered:
 Wabash and E. Canal bonds, (which had been returned in the place
 of Internal Improvement bonds hypothecated) numbers 2,389,
 2,390, 2,403, 2,422, 2,437, 2,438, 2,471, 2,472, 2,473, 2,474,
 2,475, 2,476, 2,477, 2,488, 2,489, 2,490, 2,491, 2,492, 2,493,
 2,494, and 2,495, - - - - -

Internal Improvement bonds, numbers 2,422, 2,435, 2,437, 2,438,
 2,471, 2,472, 2,473, 2,474, 2,475, 2,476, 2,477, 2,488, 2,489,
 2,490, 2,491, 2,492, 2,493, 2,494, 2,495, 3,430, 3,432, 3,433,
 3,435, 3,436, 3,437, 3,816, 3,820, 3,821, and 3,822, - - -

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The following are the bonds retained by Danforth:

Internal Improvement bonds, numbers 2,983, 3,419, 3,420, 3,795,
 3,796, 3,808, 3,810, 3,811, 3,812, 3,815, 3,823, 3,824, 3,825,
 3,826, 3,827, 3,828, 3,829, 3,830, 3,831, 3,832, 3,833, 3,834,
 3,835, 3,837, 3,838, 3,839, 3,840, 3,841, 3,843, 3,844, 3,845,
 4,299, 4,264, 4,576, 4,577, - - - - -
 Madison Railroad bonds, numbers 143, 145, 146, 147, 148, and 150, -
 Others, numbers not known, - - - - -

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It will be proper here to remark that the Wabash and Erie Canal
 bonds, numbers 2,422, 2,473, 2,474, 2,492, and 2,494, have gone into
 the hands of J. S. Hunt & Co., who were carrying our loans, perhaps
 being exchanged between Danforth and Sherwood, and returned by
 Sherwood to Hunt.

I will now call the attention of your Honorable body to the 19th
 page of Mr. Noble's report, in which he holds the following language:
 "For the first time, my predecessor, in August, spoke of the new sale
 of 111,000 dollars in bonds to the Morris Canal and Banking Company,
 and handed to me twenty bonds or notes of 5,000 dollars each, exe-
 cuted by the coal agent of the company, falling due monthly through
 the year, and endorsed by the President and Vice President of the
 company."

"At the time of the execution of these notes by the *coal agent*, (on
 the 22d December,) the company had no coal to sell, nor have they had
 since; and whether this agent had power to buy stocks for the compa-
 ny, and make a debt of 100,000 dollars, may well be questioned. In
 coal, or its proceeds, not a dollar will ever be paid, as I fear, by this
 agent."

"But this *sale*, as it is called, was a *loan of bonds* by Gen. Stapp to
 the company, and both parties have so admitted in their conversations
 with me. Had it been viewed in the light of a sale, the commissioner
 should have so reported and acknowledged in his response to the call
 of the House of Representatives in February last."

It will be recollected that in my report of the 31st October, 1840,
 I expressed an opinion, that the negotiation made during the last sum-
 mer with the Morris Canal and Banking Company had secured the

payment of the large debt of that company to the State ; “ that Indiana must lose over a million of dollars by this institution, unless it could be made out of the canal itself ; that its receipts were only about 70,000 dollars per annum, and its expenditures about 50,000 dollars.” That this was owing to its peculiar construction, which confined its business principally to its own neighborhood, and precluded it from sharing in the vast trade from the iron and coal regions in Pennsylvania, and also the produce trade from the northern counties of Pennsylvania and southwestern counties of New York. That we had taken a mortgage on this work, which had cost about \$4,000,000, and that by widening their locks, which might be done at a cost not exceeding \$150,000 or \$200,000, so as to pass the Lehigh canal boats, it would make an increase of tonage worth to the company from three to four hundred thousand dollars per annum. On my return to New York in December, 1840, I found the company struggling to extend this improvement to their canal. They then supposed that the work could be accomplished by the first of April following.

I sold the bonds mentioned, in the first place, because I believed the sale a good one. At the time of disposing of them, the company presented me a contract for inspection, existing between themselves and the Lehigh Canal Company, by which they agreed to pass on the canal one hundred thousand tons of coal the ensuing year, which would pay to the Morris Canal 100,000 dollars of tolls. They held also contracts from other companies, which would pass as much or more as that of the Lehigh company, besides the other ordinary business along the line. Secondly, I sold the bonds because it would be giving double security for the payment of the debt due by the company to the State, by aiding them in their operations in widening the canal. There was every reason to believe that this large increase of tolls would be coming in before the notes of the company would fall due ; and here I must be permitted to say that I never *admitted* to Mr. Noble *that this was a loan of bonds to the company*, nor do I believe the *company* ever made such admission.

But Mr. Noble thinks it very *questionable whether this coal agent had any power to buy stocks for the company and make a debt of 100,000 dollars*. How does this declaration look, as being publicly made from the agent of the State ? What is it but to say to the Morris Canal and Banking Company, “ Contest this power of your agent to make a debt of 100,000 dollars to the State of Indiana, you have the admission of their Fund Commissioner that his power *may well be questioned* ! No jury will compel you to pay the money over the declaration of their public agent, that the person contracting the debt was without authority to do so. You have only to give their own statements in evidence to acquit you from all liability on the claim.” Can it be possible that Mr. Noble would hazard the loss of more than 100,000 dollars to the people of Indiana for the purpose of inflicting an injury upon his predecessor ? Of this matter I leave you to be the judge. But Mr. Noble’s inferences are contradictory to the facts as shewn by himself. He says, “ that the notes or bonds of

5,000 dollars each, were executed by the *coal agent* of the company, falling due monthly through the year, and endorsed by the president and vice-president of the company." I wonder then if the bonds were signed by their *coal agent* and endorsed by the *president and vice-president* of the company, if it would not bind the company? How otherwise would you undertake to bind them? He says, however, that it was a "*loan of bonds* by Gen. Stapp to the company," "both parties have so admitted." It would seem strange to me that the company would make such admission, when it was very questionable whether they had made such contract. But I will pursue these glaring inconsistencies no further.

He says "In coal, or its proceeds, not a dollar will ever be paid, as I fear, by this agent." Nor do I expect the *agent* will ever pay it. I look to the *company* for the payment, and not the *agent*. Compare this intimation with a subsequent part of his report, page 32, and then judge of his consistency. He there says:

"As regards the value of the Morris Canal, I confess I hold it in much higher estimate than I did before I had data for a correct opinion, and whilst influenced by the unfavorable representations hitherto made of its prospects and capacity for business. The obstacle in the way of its success was its insufficient width for the larger class of boats that would otherwise navigate it. In their endeavors to obviate this objection by widening the locks and banks, the company have made sacrifices, and deserve much credit for their perseverance. The contemplated enlargement is complete as relates to the locks, but whether they can widen the banks and deepen the channel by the opening of the spring may be doubtful, as both the credit and means of the company are greatly exhausted."

He says "Its chief business and income are dependent on the trade in coal and iron, and when looking to the coal fields and iron districts adjacent to its western termination at the Pennsylvania line on the Delaware—to the amount of labor employed in the iron and coal mines, and the trade of both, and the lines of railroad and canal finished and in process of construction, all pointing to the New York city market; there are strong reasons for classing the Morris canal, when enlarged, with the most valuable works terminating at that city. I do not think it at present a sufficient security for our large debt;" (mark the words) "but when *enlarged*, its capacity and the growing patronage that must contribute to its receipts, will justify liberal calculations from creditors."

What higher justification could I desire? than Mr. Noble's own declarations as to the growing prospects of this work. In fact, I yet believe that this sale is more than a compensation for all the misfortunes that attended my operations that season.

Before leaving my transactions with the Morris Canal and Banking Company, I will redeem the pledge given in a previous part of this communication, to explain the 14,000 dollars paid the president of said company, (Mr. Edward R. Biddle) for North American Trust & Banking Company certificates. It has been bruited from one end of the

State to the other, that I have been speculating in lands with the funds of the State; and even in the 25th page of Mr. Noble's report, he says: "Of these certificates of deposit, represented as good in the last year's report, but \$175,000 have been delivered to me, being \$20,000 less than the sum mentioned as due, and owing from the North American Trust and Banking Company."

"As I am informed, and no doubt correctly, the deficient certificates were used by General Stapp in the purchase of \$20,000 worth of lands in the Northern part of this State that belonged to a gentleman in New York. In their place, he left among the papers of the State, a bond of the 'Wyoming Coal Company' in Pennsylvania for \$20,000, payable in five years, bearing an interest of six per cent., payable half yearly. From its face, it purports to be part of a loan of \$40,000, authorized by the company, secured by certain mortgages, referred to, upon their coal lands. But I learned from one of these parties that the mortgages given are to secure bonds having ten years to run, and do not apply to those payable in five years. When in Pennsylvania last, and at the time I made my trip to the iron works, the President of the company was absent, and no provision was made for the interest due on the bonds, as was requested by a note left for him." Mr. Noble then concludes this part of his report by stating "That he finds a charge of \$14,000 on the 1st March, in the account of Mr. Robinson, as stated to me in his 'letter of April 7th;' and that item will, in part, account for the increase of the sum stated to be borrowed by the pledge of bonds from \$270,000 in the report of 10th Feb., to \$290,500 as presented to me."

Now in reference to this matter so much harped upon in the report, I have to state that in the fall of 1840 I purchased of Mr. Beers certain tracts of land in the North of the State, and agreed to pay him 20,000 dollars in North American Trust and Banking Company certificates, by the middle of January following. On my return to New York in the winter, I mentioned to Mr. Biddle the circumstance of my trade with Beers, and spoke of my having to go into the market for the purpose of purchasing the requisite amount of certificates. The company, at the head of which was Mr. Biddle, proposed to procure the 20,000 dollar bond of the Wyoming coal company, before mentioned, and being in need of all the funds that the company could command, for the purpose of effecting the projected improvement in their canal, Mr. Biddle proposed to exchange the *Wyoming bond* for that amount of certificates of stock of the North American Trust and Banking company, and sell the certificates to me. The State had on hand \$195,000 of such certificates, which she had received as collateral security, and which were then evidently declining in their market value. I accordingly made the arrangement proposed, with Mr. Biddle, and in so doing have promoted the interest of the State. The certificates, by this transfer, which is much to the advantage of the State, became the property of Mr. Biddle, and I purchased them of him for \$14,000, not of the State's money, but my own. Hence the State has on hand 175,000 dollars of such certificates, and the 20,000 dollar Wyoming bond

in lieu of the 20,000 dollars of such certificates parted with; and this 20,000 dollar bond is now worth at least 40,000 dollars of North American Trust and Banking company certificates. The certificates since they were received by the State as collateral security, have been on the gradual decline, as all know, until now they are not worth 20 cents to the dollar. I could have gone into the market and purchased them on as good terms as I did in getting them of Mr. Biddle. But in so doing I then believed, and now know, that I should not have so much advanced the interest of the State. It is true that by adopting the latter course, I may not have laid my motives so liable to suspicion, yet as the representative of the State, I should not hesitate to do that which must result to their advantage, because the censorious might be inclined to find fault. If it were proper that I should speak of myself, I might say that by nature I am rather unsuspicious, and while this trait may have proved unfortunate to me in some particulars, yet I have never supposed it a mark of dishonesty. On the contrary, my observation has taught me that the suspicious are those who require the most watching.

If Mr. Noble would enquire whence I got this 14,000 dollars, I would merely inform him that I got it in the same way in which he has acquired his property, and in a manner as little liable to suspicion as that in which he obtained the large tracts of land which I am informed he owns in the State. When first appointed Fund Commissioner, I was worth about \$45,000, and though now not worth so much, it has been in part sacrificed in serving the State, and some lost in paying arrearages due the Madison company of the 10,000 dollars loaned to Dodge, of which I have heretofore spoken. With regard to the account of Robinson of 14,000 dollars, as stated in his letter to Mr. Noble of the 7th of April, it has been already explained in a previous part of this communication, wherein I stated that in paying the interest for Jan. 1841, I had paid that amount out of my own pocket, and that Robinson had been directed, out of the funds in his hand, to pay the same to Biddle, being the amount paid for the certificates, to which I have already alluded.

For the information of your honorable body, I will give the numbers of the 111 bonds sold the Morris Canal and Banking Company, above stated :

Internal Improvement bonds, Nos. 4,345 to 4,352, 4,421 to 4,440, 4,461 to 4,477, 4,479 to 4,500, 4,563, 4,569 to 4,574, 4,583 to 4,588, 4,595 to 4,596,	- - - - -	82
Madison Railroad bonds, Nos. 141, 142, 149, 164, 165, 166, 167, 169, 170, 171, 178, 212, 213, 214, 308, 409, 416, 417, 418, 421, 422, 423, 424, 426, 431, 435, 446, 453 and 456,		29

Mr. Noble, in his report, has spread out a receipt from Henry Roop, which he thinks is at the bottom of a mysterious transaction. In 1839, Mr. Scott and myself sold to Roop 50,000 dollars of bonds at par. Mr. Roop was the president of the Bank of North America, at that time paying specie, and when I speak of the sale of bonds to Roop, I mean those sold to the Bank of North America. The bonds were sold on a credit. In consequence of the failure of the western banks, Roop was not able to make good his engagements. We therefore concluded to rescind our contract with him, if possible, and if this could not be done, then to reduce the price of the bonds to 88 cents to the dollar, and get the debt secured. In accordance with this understanding between my associate and myself, I held a correspondence with Roop, who agreed to return the bonds, and did return 10, thereby reducing his debt to forty thousand dollars. In 1840, I visited the city of Buffalo, with a view to urge Roop to a still further return, but found him unable to comply. My next object was, if possible, to get the debt secured, and made to him propositions to that effect. Finally he proposed that if I would take a house and lot which he pointed out to me in that city, for 7 of the 10 bonds which he had previously returned to me, and loan him ten additional bonds until the 1st of November following, he would secure the debt to the State and give me a bond and mortgage for another house and lot in the city of Buffalo for the return of the ten bonds. After examining the property, and having it valued, I accepted his proposal. The 10 bonds which he had returned to me had not been reported, and I handed him back seven of them and gave him credit for three, as may be seen by my report of the 31st of October, 1840. This made his debt stand as follows:

47 bonds	-	-	-	-	-	-	-	\$47,000
Deduct house and lot,	-	-	-	-	-	-	-	7,000
								<hr/>
								\$40,000

Besides the mortgage and bond for the return of the ten bonds as above specified, I took of him mortgages to secure the whole debt, on property which was valued at 57,000 dollars.

I concealed from Roop my authority to reduce the price of the bonds until the bonds and mortgages were made out and executed and the deed recorded. This being done, I endorsed on the deed in substance as follows: "This property is to be returned to Roop after he shall have paid the State the 40,000 dollars due her, and paid me \$1,360." I then told him of my authority to reduce the bonds, when he immediately insisted, as I expected he would, that he should be credited the \$7,000 on his debt, including the 1,360 dollars which would have left \$34,360, had the bonds been reduced as contemplated between Mr. Scott and myself. This I refused, but informed him that when he should make his first payment to the State, and pay the 1,360 dollars, I would then re-convey the house and lot so deeded to me—

that my object in taking the deed in my own name, was to leave it in a condition that I could re-convey if he complied with his contract. The deed with the endorsement was filed with the papers of the State that my successor should know the object, and a deed has been made and delivered to Mr. Noble for the property. I made this endorsement on the deed for the benefit of Roop, because he had given it without the knowledge of our agreement to reduce the price of the bonds, and believing the State amply secured in her debt.

And here, I must be permitted for a moment to revert to that part of Mr. Noble's report, (page 36,) in which he speaks of those securities. He says, "the one for 40,000 dollars, on what is called the 'Terrace property,' was taken in conformity to the agreement; and at the time of its date, there was a suit pending for the foreclosure of a mortgage executed in 1837, by Roop and Stoddard on the same property, which was sold accordingly, leaving still another mortgage, of a date prior to the one given to the State." Now this property at the time of the execution of the mortgage in favor of the State, was valued at 40,000 dollars, by as respectable citizens as any living in the city of Buffalo. The suit pending for the foreclosure of the mortgage executed in 1837, by Roop and Stoddard, on the same property, was to secure a debt going to the Bank of Buffalo, of about 3,000 dollars. The property was sold under a decree of foreclosure, in favor of the Bank of Buffalo, subject to a prior mortgage, of 13,000 dollars. An arrangement could have been effected, by which to have lifted the lien of the Buffalo Bank, through the Bank of Commerce, which is indebted to Indiana 80,000 dollars. Mr. Allen, the President of the Bank of Buffalo, has the winding up of the affairs of Mr. Pratt, the principal proprietor of the Bank of Commerce;—and without doubt could have made an arrangement to save our lien. Instead of this, however, my successor has permitted this principal lien, to secure the Roop debt, to be snatched from our grasp. The holders of the mortgage for the 13,000 dollars, would not have wanted the principal even when their mortgage fell due. The interest on the sum would have been their favorite object—the principal being secured. And the property will this day rent to pay an interest on more than thirty thousand dollars. In fact, I am informed that it is already rented for the next ten years, for a sum equal to the interest of 40,000 dollars.

As to the form of the receipt, it may be observed, that Mr. Roop took the bond and mortgage given as security for the return of the ten bonds afterwards for the purpose of having bank notes issued upon them by the comptroller, and was to return to me either the notes that might be issued upon them, or the State bonds; neither of which he did, but alleged in excuse of his failure in this particular, that he used the notes in a contract to obtain the bonds, and the parties failing to comply with their contract, he had lost all. At the time of returning my other papers, connected with my service as fund commissioner, to Mr. Noble, I was still endeavoring to arrange this matter with Roop, for the return of the ten bonds. My efforts, however, proved unavailing. I then wrote to Roop for a voucher to re-

turn to Noble, dating it as I supposed, the day of the transaction, and couching it in terms as near as I could, to convey the object he had in view in borrowing the bonds. Mr. Roop has always been considered as a highly upright and honest man. Such is yet his reputation among those best acquainted with him, and under any circumstances, sufficient could have been realized out of the securities delivered us, to have saved the State from any loss. The bonds loaned to Roop were sterling bonds, numbered from 1,941 to 1,950.

Having now said all that seems to me necessary, in relation to that part of the report which refers to the bonds sold by me, or otherwise disposed of during my service as fund commissioner, I am called upon to notice that portion of it which treats of the securities received by me to insure the payment of our suspended debt. And here it may not be amiss to remark that, in many cases, I am aware they are not fully adequate to that purpose, and especially in these times of depression, when property and labor of every description is down to its lowest standard. One thing, however, should be remembered, that although in some instances the securities have turned out to be merely nominal, yet that they are the best we could command at the time; and generally speaking, have left the principle at least no worse than it stood before. We have usually had to guess at their value, and in some cases have been most shockingly mistaken. Even in the instance of the 13,600 shares of the Little Schuylkill Railroad stock, which the report pronounces "as utterly worthless," and seems to have afforded its author matter of amusement, was estimated as being of much greater value than I received it, at the time of being assigned to the State. While Mr. Noble, in speaking of this work, says that, "with experienced persons, the surprise now is, that men of sense should have embarked in such an enterprise. Having no connection with lines for travelling, in extravagance of view, and barrenness of prospect, it exceeds the wildest enterprises of the west." Yet, no less a man than the Hon. Samuel L. Southard, in his letter to Mr. Merrill, 16th November, 1839, pronounces it "one of the very best routes for a railroad in the United States, and had no doubt that it must, when completed, be one of the most productive, and the stock among the most valuable." In the same letter, Mr. Southard further says, "as to its future value and sufficiency to answer for the specified sum, I entertain no doubt. I have examined a portion of the railroad, and taken some pains to form an opinion of its cost, and its future prospects; and have no hesitation in saying that there are very few if any railroads in this country, so well calculated to ensure to the stockholders, an abundant recompense for their expenditures." (See Doc. Journal, latter part, 1839-40, p. 96.) But I will make no issue with Mr. Noble about this stock. To say the least, it is as valuable as the stock of the institution that originally owned the principal part of it: I mean the Bank of the United States, the stock of which Mr. Noble, myself, and the general community not long since, valued at sixty cents, and is now only worth about three and a half. About these matters it is easy to be deceived, as well as all the enterprises

in which the human mind engages. The legislature of 1836, which adopted our system of internal improvements was deceived as to its extent and probable cost. Mr. Noble in his estimate of the additional taxes it would impose upon the people, as may be seen by his message of the same year, was deceived, and in this manner led the whole community into error. A subsequent legislature that refused to classify the public works, but expressed an opinion "that classification and nullification were the same," were deceived. The board of internal improvement, that resolved to carry on all the public works simultaneously, and scattered their lettings to various places on the same line, were deceived. Those who supposed the faith and honor of the State could be maintained without leveying any tax therefor, were also deceived. It is too late now, when disaster seems to have followed every step in our progress, to commence to criminate, and re-criminate. It would be far more patriotic to be found gleaning what little we could, from the general wreck surrounding us, than wasting our energies in attempts to throw the load we justly should bear, from our own shoulders to those of others. Frauds and peculations should be ferreted out with the utmost vigilance, but errors of judgment have been so common among us, as to render it difficult to determine where the decrees of condemnation should first commence.

Mr. Noble, on the 25th page of his report, in speaking of the certificates of deposite of the North American Trust and Banking company, says: "That on the 1st of October, the Commissioner was then of opinion that 195,000 dollars would be paid on the 1st of January, at which time they were all due; but the bank not being ready to pay, General Stapp extended the time, and took new certificates payable monthly, without security of any kind, which will not fall due before November, 1842. Those which became due were protested since they came into my hands." Now the casual reader of the above would suppose that I had extended the time to this company without cause, and by not taking security, had lost the debt to the State. In October, 1840, this company paid us 71,000 dollars, and I did suppose the 195,000 dollars, or the most of it, would be paid by the first of January. But when I reached the city I was told at once that if the time of payment of our debt was not extended, the institution must fail—that if extended, they could struggle through the crisis, and at least be able to pay a part. They had no security to give me except the first \$100,000 of a surplus of Indiana bonds hypothecated in London. I held on to the certificates to the last hour for protest. A notice was served upon them by the Notary for that purpose, and he was directed positively to protest them unless they would pay \$50,000. The officer stood at the counter to the last minute for the purpose of making good my directions, and still the money was not, and could not be paid. When I found it all useless, that the money could not be raised by them, and that a protest would only send them into the hands of a commissioner, I then countermanded the order to the officer, by their agreeing to give me an order on the house of Palmer, M'Kellup, Dent & Co., of London, for the first \$100,000 of surplus in their hands, on hypotheca-

ted State stocks, mortgages, &c. This order was put into the hands of J. J. Palmer, of the Merchants' bank, for his attention; but as the surplus was only about fifteen per cent. on our bonds, valued at seventy-five cents to the dollar. I presume there is not now, much to be had, especially since our stocks have fallen to 26 cents. Mr. Noble informs us, "That those (of their certificates) which became due were protested since they came into his hands;"—and what has the State got by it? Nothing. I could have had them protested also, and got precisely the same thing—yet I did get all the security for the delay that I could command, or they give.

I will now direct the attention of your honorable body to so much of the report as refers to my transactions with the Madison company. Of course I am more deeply interested in the prosecution of the Madison railroad, personally, than any other work in the State, as it terminates at the place of my residence—and Mr. Noble may readily suppose that I will have more difficulty in explaining his charges satisfactorily to the public, in reference to this company, than any other, but in this, he will find himself mistaken—unless my living at the town of Madison shall furnish sufficient evidence, *prima facie*, to condemn me.

Mr. Noble, in speaking of the Madison company, says: "That they had an unexpired contract, with the privilege of taking the railroad appropriation of 400,000 dollars which had been extended by Messrs. Stapp and Palmer through last year, and up to 1st March. This item, called a balance due, was in the printed list of the report of the commissioners—seeing this stated as unpaid, while the petition of Joseph H. Hendricks was before the Legislature, an act was passed directing the payment of his claim, (about \$26,000) and if not otherwise done, the Fund Commissioner was directed to bring suit against the company for the money, and when received, to pay the debt."

He then states that at Madison on his way East, in March, the company produced an account of settlement with General Stapp, which he sets out, and at the bottom, he says it was "Receipted in full by General Stapp, on the 26th Jan., 1841."

Mr. Noble then proceeds to say that "This settlement left nothing upon its face as a cause of action against the company, wearing the appearance, as it does, of a full payment in money. And importunate as was Mr. Hendricks for his claim, to relieve his necessities and credit, I saw no means for his relief but those to be obtained from further inquiry. I was informed by the company that General Stapp had acted as the agent in the sale of their bonds East, that he had applied part of the funds credited in the account, to the payment of interest in July, 1840—that there were moneys in General Stapp's hands due to the railroad fund, they having paid out to contractors more than they had received from the proceeds of their bonds."

Now Mr. Noble supposed this account to be a full payment *in money*, for on the 45th page of his report, he repeats that "In running my eye hastily through the items in the settled account of the company, when given me at Madison in March, I saw nothing to raise a doubt

of full payment having been made in money." Finally, however, he finds out that Danforth's acceptance for \$25,677 42 was not money—that the acceptance had fallen due the 1st of March, and was protested—that it was "Worthless, and the obligors have long been notoriously insolvent." He finds out also that there are Post Notes of the Binghampton bank, amounting to \$12,000 in my hands, coming, as he supposes, from the same source—and afterwards couples the obligations of the Staten Island bank, (named in the settlement as Staten Island bank notes, but should have been named as notes of the Staten Island banks,) with the Danforth acceptance, all of which he rejects, as payments of the Madison company to the State, on the ground of their not being money.

Mr. Noble took the trouble, according to his own shewing, to call this company together to have a settlement with them, and "acquaint himself with their accounts," and yet gave their accounts so slight a glance that he did not make the discovery but that the payments were in cash and entirely legal, until sometime afterwards, though the items as exhibited by himself, of credit, shew that they were not stated in the account as money, at least such as he now rejects.

It is not for me to judge whether these payments are legal or not; yet it is due to myself, to the Madison Company, and to the country at large, to place this matter before your honorable body in its true light. In December, 1839, I sold to Dwight Danforth, and Calvin L. Cole, 100,000 dollars of stock, and took the drafts of the Binghampton Bank, drawn in favor of Calvin L. Cole, and endorsed by him, and accepted by Danforth, for the amount, on account of the sale of said bonds. The drafts were payable at different periods through the year 1840, the last falling due 1st January, 1841. I also sold to the Staten Island Bank 40,000 dollars of our stocks about the same time, taking in payment therefor Staten Island post notes endorsed by ——— Little of Staten Island, and payable, like the others, through the year 1840, the last payment falling due 1st January, 1841. Also about the same time I sold to the Seneca County Bank \$40,000 of our stocks, payable at different periods through the year 1840, the last payment falling due also on the 1st January, 1841. All of the above payments were to be made in western currency. After these sales were made, I wrote to the Madison Company, informing them of the fact of having effected such sales, and gave them the liberty, if they thought proper, to take the contracts, and that in case they accepted the loans, to deliver the bonds to the parties. The company, by a letter directed to me in New York, declined taking the sales, and sent John Woodburn (one of their number) to New York, who also declined taking the sales. After my return to Madison, (a short time only intervening) I laid before the company a statement of the three before mentioned sales, amounting to 180 bonds, together with the securities and times of payment, and urged them to take the loans, which they did. These drafts were all left in my hands as collateral securities to the State for the 180 bonds, and were collected by me as they fell due and credited to the company. The Seneca County Bank never paid but

\$12,000, the balance of the 40,000 dollars sold, being a total loss to the company. They from their own funds purchased and returned 20 bonds, and also several thousand dollars more in treasury notes and estimates, which may be seen by reference to my settlement with them 26th January, 1841. In collecting the drafts and post notes of the Binghampton Bank, I occasionally extended the time of payment, on their agreeing to pay eastern instead of western funds; and in this way received eastern funds from the Staten Island Bank to the amount of 18,000 dollars, and of the Binghampton Bank 25,000 dollars. These eastern funds I applied in the payment of the interest on the public debt. On the 1st of January, 1840, being desirous to procure eastern funds, I extended the amounts due from these institutions to the 1st January, 1841, and Danforth's acceptance to the 1st of March, and the notes of the Staten Island Bank to the 1st of May and July following. On the first of January I gave to the Madison Company a credit for the notes, as I had been in the habit of doing in the extension of other notes for eastern funds. At the time of this extension and credit given and for some time after, both the banks were considered good, as may be seen by reference to the prices current of that date, of New York and Philadelphia, and so were the endorsers and acceptor. These are the facts in relation to this transaction. All was performed in good faith, not doubting but that the notes would be paid at maturity, as agreed upon.

With regard to the Binghampton post notes, of which Mr. Noble says "that Gen. Stapp claims a credit of 12,000 dollars, said to be in his hands, but having no such sum from the old debt due from that bank, and not having made any sales of bonds to it on State account, I am unable to see how he could come into possession of these post notes, if not in the payment set out in the account settled with the company," I have only to say that the same was settled with the company, of which fact Mr. Noble was informed. They were received the 21st of April, and were current in Ohio—in fact were paid out on some of the lines of public works. They were taken as money with the belief that they would be received as such in Indiana, but finding that they could not be used here I sent them to Ohio to be exchanged. In consequence, however, of a misunderstanding between the cashier and some of the disbursing agents in Ohio, the credit of the notes had sunk, and they still remain on hand, like the paper of many other banking institutions, a dead loss to some one. As to the statement of Mr. Noble in the same paragraph, "that although the credit had been claimed, the notes had not been sent to the office," he well knew that I proposed to send them by Mr. King, if he would allow me a credit for the amount. He, however, decided that it is inadmissible to allow the same as a credit.

Mr. Noble regrets, as he says, "that it falls to his agency to further molest the company, as he is fully sensible of the losses already sustained by them in consequence of sales made by their agent, Gen. Stapp; but finding nothing in their settlement, acquitting the company from liability," he ordered suit against them, &c. The company, surely,

are under obligations to Mr. Noble for his *sympathetic regrets*; but so far as relates to myself, I would correct him upon one point, and that is, as to my being their agent. I never was their agent. He says, however, at another place, that they informed him that "Gen. Stapp was their agent." They say they never told him any such thing. This, like most of the report, is poetry;—the mere vagaries of an exuberant fancy. I submit to your inspection, the following letter, from the members composing the Madison company:

Madison, 18th December, 1841.

GENERAL STAPP,

Sir—Your letter of the 12th present month, came to hand late last night, and the mail having left yesterday morning, and not going again till Monday next, accounts for the tardiness of our reply. We have all seen, with surprise, the statement of Gov. Noble, in his report, that he "was informed by the company, that you had acted as their agent, in the sale of their bonds, east."

Now, we all state very positively, that Gov. Noble never received this information from us. On the contrary, he was told the very reverse by us, individually and collectively. When he was here, about the last days of October, and the first days of November, of the present year, he made, directly, and indirectly, frequent inquiries of us on this subject, and was told by us, in positive terms, that you never had at any time, been such agent. When we took the contract from you, we determined to sell no bonds on credit; and the 180 bonds was your sale for the State, which we took off your hand. No bonds have since been parted with, except to contractors, in exchange for estimates.

WILLIAM HENDRICKS,
JOHN WOODBURN,
GEORGE W. LEONARD.

I concur in all the statements, that General Stapp never was our agent, but was not present, being absent from home, when Gov. Noble was last here.

VICTOR KING.

I concur fully in the above statement, except that I do not recollect that Gov. Noble said any thing personally to me on the subject. But I was present when Hendricks, Woodburn, and Leonard were all present, and Gov. Noble was told positively that General Stapp was not then nor ever had been our agent to sell bonds.

JOHN KING.

Indianapolis, Dec. 22, 1841.

Before dropping the subject of the Binghamton Bank, I will notice a paragraph of Mr. Noble's report, on page 36, in which he alleges, that "the original obligation for the claim on this bank had not been given me, (Mr. Noble). In the delivery of the papers, General Stapp

handed me two certificates of deposit of the cashier, for \$58,200, in the name of C. L. Cole, dated 2d January last; the one to bear interest from date, and the other from March 1st, the interest appearing to be paid to the 1st of March on the second of the two, for 20,500 dollars. In his cash account, General Stapp has charged himself with interest to 1st January, received from the debt; but for the difference of 2,500 dollars between these certificates and the old debt, paid, as would seem, on the 2d January he has made no entry; nor of the interest accruing from that date to the first of March on the 20,500 dollars."

Mr. Noble, in this short paragraph, insinuates that which he does not plainly say. He intimates a design to withhold a paper from him, which would disclose some act of dishonesty. He also charges me indirectly with appropriating 2,500 dollars to my own use. Now I gave to Mr. Noble all that was left of the original contract. The contract was 1st for 20 bonds, 2d, for 30 bonds, and 3d, for 50 bonds, all of which were delivered to the Binghampton bank, or to Danforth & Cole, (being the same thing,) at 96 cents to the dollar, amounting in the whole to 96,000 dollars, taking certificates of deposit like those delivered to Mr. Noble, or drafts of the bank running through the year 1840, the last falling due the 1st of January, 1841. Upon a settlement the 1st of Jan., 1841, one of the certificates was renewed to the 1st of March, with an understanding that it was to be punctually paid on that day. The residue was to be extended as the interest of the parties might require, and their certificates of deposit given to close the whole debt, interest being calculated to the time when they would respectively bear interest, which in the aggregate made the sum of \$4,560 65, being the interest on \$37,700 to the 1st of Jan., 1841, and on the \$20,500 to the 1st of March of the same year, the whole sum being \$58,200. If Mr. Noble will make this calculation it will be found correct.

It may be well to observe that previous to the settlement here spoken of, the original debt had been reduced by payments from \$96,000 to the \$58,200. And so far as regards the particular item of \$2,500 which he says I have not accounted for, I will only say that he is mistaken. By an inspection of his books he will find I have charged myself with a sufficient amount of the Binghampton bank debt to reduce the debt of that institution to the sum of \$58,200. He will further find that the very item of \$2,500 is charged to me on the 1st of Jan., 1840. In fact, had he named the deficiency to his Secretary in the office, it would have been explained to his satisfaction.

On page 50 of Mr. Noble's report, he says: "The existence of the delinquency makes it my duty to acknowledge, and I do so with regret, that the account of Gen. Stapp is not closed, and that there is a deficiency not fully ascertained of about 25,000 dollars, independent of credits claimed, amounting to about 46,000 dollars, which have been rejected." He concludes the paragraph by asserting that "The balance arises mainly from data furnished by himself." From this broad charge the country is to infer that allowing me all the credits I claim, yet I am a defaulter to the amount of 25,000 dollars. How this default

on my part is brought about, he does not think proper to inform us, neither does he give us the data, which he says has mainly been furnished by myself, that this honorable body may judge whether such default exists, or not. Where is the balance sheet? Where the memorandum of debit and credit? None whatever is exhibited. It is a charge of the most grave character, calculated to shock the mind of every honorable man—and yet made in the most loose and random manner possible. Some time since I attempted a settlement with the Secretary of the Fund Commissioner, and we progressed in part but he was not allowed to credit me with certain amounts which I claimed, and no proper adjustment of our accounts were had, although the following statement was made by the Secretary.

To balance of account, as rendered in New York, after correcting the charge against Sherwood, -	\$107,079 36		By drafts of board internal improvement, -	\$42,326 80	
			By treasury notes for N. Noble " balance of M. Stapp's acc't, -	2,968 75	
Balance brought forward -	<u>61,508 47</u>	\$107,079 36	" " account, -	275 34	
				61,508 47	\$107,079 36
Balance brought forward -	<u>59,738 50</u>	61,508 47	By drafts of board internal improvement, -	1,769 97	
			By balance of account, -	59,738 50	
					61,508 47
			By deed of property in Buffalo, -	1,360 00	
To balance brought forward, -	-	\$58,378 50	By balance of account, -	58,378 50	
					59,738 50

Afterwards on the 25th of September, I continued the account so made out by the Secretary, and enclosed to the Secretary the following letter:

MADISON, SEPTEMBER 25th, 1841.

WILLIAM S. HUBBARD, Esq.,

Dear Sir:—I have searched my papers through and cannot find the order made by Scott and myself. It must be in the bunch of vouchers I left with you. Mr. Palmer and myself never had a regular meeting; indeed it was impossible for us to transact any business in that way, as he was compelled by the law to be at Indianapolis, and I required to be at New York. Our duties were performed separate and distinct, and I always did, and still do doubt whether we were a board of fund commissioners. Neither of us acted as though we were: we acted in our places, separately in all things. I believe I had the authority to do so, and having done so, I should be glad to have my accounts placed on the books as I proposed. But on submitting the matter to Mr. Noble, if he thinks otherwise, then take all my unfortunate accounts from the amount, and I will report to the Legislature.

If you continue my account as I gave it to you, it will stand as follows:

Balance as per your account,	-	-	-	-	\$53,378 50
Interest and exchange,	-	-	-	-	2,388 00
					<hr/>
					\$60,766,50

Credit—

Mr. Mason's draft for \$1,000 paid engineer,	1,000 00	
John King will send you Noble's draft for		
Hendricks, - - - - -	3,822 00	
As also estimates to the amount of - - -	10,079 50	
		<hr/>
		14,901 50
		<hr/>
		\$45,365 00
Uncurrent paper in your vaults, - - -	33,865 00	
Uncurrent paper here, which I will send out,	12,000 00	
		<hr/>
		\$45,865 00
		<hr/>

This will close my account. You know I told you I had forgotten a package containing \$12,000. If you are directed to state my account, without noticing the sales I have made, the amounts will stand thus:

Your balance, as above, - - - - -	\$53,378 50
Interest and exchange, - - - - -	2,388 00
	<hr/>
	\$60,766 50

You will take from the amount furnished, my credits, as follows, which will add to my debit :

Check Gallipolis, - - - - -	\$97,000	
Danforth, Brown & Cole's bond, - -	28,000	
Bonds and mortgages, - - - - -	16,000	
	<hr/>	141,000 00
		<hr/>
		\$201,766 50

And you will take out of my debit, which will go to my credit, as follows:

Fifty sterling bonds, sold to Sherwood, at 98 cents, - - - - -	\$49,000	
100 dollar bonds, do. do. at 88 cents, - - - - -	88,000	
Interest on the above, 2,940 } 1,320 }	4,260	
Fifty bonds sold to Bank of Circleville, at 88 cents - - - - -	44,000	
	<hr/>	185,260 00
		<hr/>
Leaving - - - - -		\$16,506 50

Mr. Mason's draft as above, - - -	\$1,000 00	
Mr. King will send you estimates, - -	3,506 50	
	<hr/>	4,506 50
		<hr/>
Leaving, - - - - -		\$12,000 00

Which will be balanced by the bundle of uncurrent paper on hand, which paper was taken in the old transactions. When you decide which course to take, inform Mr. King by letter—*John King, Agent for the Fund Commissioners, Madison, Indiana.* Also, let me know at New York.

If Mr. Noble will not permit you to report the uncurrent bank paper on hand, I hope he will note that I have it on hand.

Very respectfully, MILTON STAPP.

This letter was sent to Mr. Noble's office near two months previous to the time of the making out of his report, and although not very plain and easy to be understood by those unconnected with the office, yet it was understood by him, and furnished data at least to shew that I did not view myself in the light of a defaulter to the State. My account, however, will be submitted herewith.

But he says that "it would have afforded me pleasure to have made up the account of Gen. Stapp in his presence, and with any and every explanation he might have to offer; and early in the season such was the agreement, but not finding it convenient to await my return, he

left home ; and, in reply to my letter on the subject, declines submitting his credits to the usual ordeal of examination by the Fund Commissioner and the Secretary."

If it would have afforded Mr. Noble so much pleasure to have made up the accounts in my presence, and received any explanations I might have to make, I am at a loss to conceive why he did not state the items of credit which he knew I claimed, or at least the letter sent to his office above set out. Now hear my side of the story. It was agreed between Mr. Noble and myself to settle these accounts in the month of September, though I wished to defer it until the usual time (31st Oct.) in order to get the business of the office in a better shape. Many of the transactions were in rather an unsettled condition, as you have already perceived, at the time of the appointment of my successor, and I desired time to right them up as well as possible. The first of September, however, was the only time to which he would agree, as he would then immediately commence his report. At great inconvenience I left New York and travelled all the way to Indianapolis to make this settlement, according to agreement. I left a note directed to Mr. Noble, informing him of my intention to be at Indianapolis on the 17th September, and would remain there until the 23d, but was under the necessity of returning to New York on the 1st of October. This note Mr. Noble received by the hands of his Secretary. I was here against the 15th; the present Fund Commissioner, however, did not return as expected. Then, as before stated, I attempted a settlement with the Secretary; but he, acting under the instructions of Mr. Noble, declined allowing my accounts, and of course no settlement was had. Nor did Mr. Noble even inform me that he could not be in Indianapolis at the time appointed. If he was sincere in the regrets he expresses to your honorable body, would he not at least have informed me previous to the time of making his report, that my accounts were unsatisfactory, and that unless explained, he would feel himself in duty bound to report me to the Legislature. Nay, if he was governed by the promptings of a noble and generous mind, would he not have sought to exhibit his report to me before declaring me to the community as a public defaulter. Instead of this, he addressed his letter to me at Madison, when he knew I was in the city of New York; and although printed copies of his report were seen in his hands sometime prior to their being reported to the Legislature, yet my friends were unable to procure me one until after it had been delivered to your honorable body.

On the 45th page of his report, Mr. Noble says "Gen. Stapp asked if it would not be best to offer these treasury notes to Mr. Hendricks, to which I dissented, not having ascertained to what fund they belonged." This statement proves the treachery of the human memory, and how little, in some peculiar instances, it is to be relied upon. Last summer, when Mr. Noble and myself were conversing about the treasury notes, and the importunate entreaties of Mr. Hendricks to receive the amount of his claim, I enquired of Mr. Noble if there could be any objection to my paying him off with the treasury notes

I had on hand, and settling my account with estimates obtained in lieu of them. Mr. Noble emphatically answered that there could be no objection to such course, and added with warmth, "do stop that man's mouth, if you can." Accordingly I wrote to Wm. Hendricks to tender the treasury notes to his brother in payment of his claim. The brother, however, declined receiving them.

Before concluding this communication, I would for a moment longer direct your attention to my transactions with Robinson. I have already stated that he, in his purchases of bonds, &c. for Indiana, in accordance with my request, had lost 30,000 dollars. In a settlement between Mr. Noble and Mr. Robinson, the loss on one of these purchases was submitted to arbitration, and Mr. Robinson recovered 16,000 dollars of the State. These gentlemen could not agree on terms of submission for the loss on the other purchase, and Mr. Robinson held me personally responsible for the loss. Having given to Mr. Robinson my word of honor and assurance that he should not loose on any contract made in good faith for the State, at my request, and being satisfied that he had lost, in his endeavors to sustain the credit of the State, to the amount of 14,000 dollars, which had not been paid to him by Mr. Noble, I felt myself honorably and legally bound to pay him such loss, which I did, and now submit the case to the Legislature.

In laying this matter before your honorable body, it is due to Mr. Robinson and myself to inform you that in another operation performed by Mr. Robinson, he saved to the State near \$50,000. This was done after consulting with me, and as I believed at the time by the sanction of Mr. Noble, (this however he denies.) In these two transactions Mr. Robinson saved to the State \$50,000, and lost to the State \$30,000, making a clear profit to the State of near \$20,000—and if the State does not allow me for the \$14,000 paid to Robinson, there will be in these two transactions, a clear saving to the State of \$34,000. Under these circumstances it would be a hard case for the State to make me loose this \$14,000 for an error in judgment in the transaction of this business, while she holds the \$34,000 saved to her on my better judgment. The \$50,000 above spoken of was saved to the State by the sale of \$327,000 of the hypothecated bonds at 55 cents to the dollar, instead of holding on to them as J. S. Hunt & Co. (who were under the direction of Mr. Noble) has done, until they fell to 40 cents on the dollar. This saved to the State 15 cents to the dollar on \$327,000, and thereby saved near \$50,000. This sale was made with a view to carry the loans until March next, but Mr. Noble denying that he gave Robinson any such authority, sued him for the money received on the bonds, and took from him the money he had saved to the State by taking the risk of this sale, and refused to pay him the money he lost on an express contract with me while Fund Commissioner. You will see by Mr. Noble's report that J. S. Hunt & Co. were authorized to carry the State's loan made by them over to the 1st of March next. But Mr. Noble says: "That if for any cause the bonds rapidly depreciate before March, they cannot do so." The bonds have

rapidly depreciated, and of course the \$246,000 of bonds in their hands have doubtless been sold before now not to exceed 40 cents to the dollar, and perhaps for less. If Messrs. Hunt & Co. had sold these bonds at the time Robinson sold his, they would have saved to the State the difference between the price of the bonds at 55 cents to the dollar, and at their price at 40 cents to the dollar, thereby making a saving to the State of \$36,900—so it will be seen at once that while Robinson has lost for the State on the one hand, he has saved for her on the other, and therefore ought not to suffer in his purse for his unfortunate transactions for the State, while they withhold from him what he has saved for her in his more fortunate transactions. I ask permission here to give another reason why I ought not to loose the \$14,000 in question. In the settlement with Robinson, whereby I agreed to pay the \$14,000, I obtained the obligation of Messrs. Drew, Robinson & Co., for the return of 20 of our bonds which the State never could have recovered of them. These are the 20 bonds spoken of by Mr. Noble in his report, and which by notice given to Robinson, he directed not to be delivered to me or any one else, but the agent of the State.

Notwithstanding this notice, Messrs. Drew, Robinson & Co. have given me their obligation for these bonds, and bid Mr. Noble defiance as to any claim he may have on them—as Mr. Noble had in his written settlement with them included these bonds, (though perhaps not intending to do so.) They had determined to hold on to these 20 bonds as a part indemnity for the \$14,000 above mentioned, and they were only given up on my settlement of this claim with Robinson. These bonds however are the property of the State, and the obligation of Drew, Robinson & Co. will be handed over to the proper authorities. Inasmuch as the \$14,000 paid by me to Robinson was derived from the funds placed in my hands by Sherwood, wherewith to purchase the 50 bonds previously named, I shall give myself a credit on account of Sherwood with 29 bonds in the settlement of my bond account, being the number that could have been obtained with the money on the 1st of October, the time when Robinson's contract for the delivery of 30 bonds on this account (as before named) had expired; and this credit will remain until the Legislature shall signify by its agent, or otherwise, that I must loose this money. When this shall be done, I will purchase and return the 29 bonds to the State: but in doing this, I know that I shall have to sell my property at such sacrifice, that it will leave my family entirely destitute. Should this be the determination of the Legislature or their agent, I hope that time will be given me, without being charged as being a defaulter, as the liability was incurred in consequence of paying losses which resulted from contracts faithfully made, as I believed for the benefit of the State. The proper vouchers showing this loss, and the payment of the money to Robinson, will be furnished to the agent of the State on the settlement of this matter.

Should the State allow me the credit for the 29 bonds, as above referred to, there will still be 21 bonds on my contract with Sherwood,

(to return for him 50 bonds) a part of the assets for the purchase of which, is still in the hands of the agents, and not yet settled: and the remaining portion being in Treasury notes, were sold to procure such funds as would purchase the bonds, all of which will be soon closed; and if our bonds continue to depreciate in value, the assets may be sufficient to return more than the 50 bonds alluded to. All of which shall be performed in good faith, and fully reported to the proper authorities.

The only remaining point to which Mr. Noble, in his report, has directed the attention of the public, is on the 51st page, where, speaking of my return to New York, after the adjournment of the Legislature, he says: "General Stapp took from Sherwood's hands the 135,000 dollars said to be due him, secured by the 490,000 dollars of bonds mentioned in Sherwood's receipt, and transferred the money with \$270,000 of bonds to the hands of Messrs. Hunt & Co., leaving 220 bonds in Sherwood's hands when nothing was due him. To pay the interest on the 135,000 dollars, (at the rate of 20 per cent. per annum) while in Sherwood's hands, he borrowed of Hunt & Co. 5,575 dollars, (making their claim 140,575 dollars) and paid Sherwood 3,208 dollars. I see nothing to excuse General Stapp for borrowing money to pay Sherwood's interest, when he was not only largely behind for the principal and interest of the old debt, but had failed to return \$220,000 in bonds, said to be pledged to secure the money upon which the interest had accrued." And for these reasons he thought the credit claimed by me in this particular was not "*admissible*."

Now this part of the report shews an utter destitution of any correct knowledge of the transaction there referred to. Sherwood carried a loan of 47,500 dollars from the 10th of June, 1840, to the 1st of March following. He also carried two other loans, one of 63,500 dollars from about the 20th of December, 1840, to the 1st of March, 1841, and the other of 24,000 dollars from the 21st of January to the 1st of March following. The aggregate of the sums thus carried by Sherwood is 135,000 dollars. The amount charged to the State for the carrying such loans is \$5,575 19. This is the amount as exhibited by Mr. Noble's own report. He is better at figures than I profess to be if he can make this more than 11 per cent., even including commissions. If the interest had been 20 per cent. per annum, as averred by Mr. Noble, it would have amounted on that sum for such time to \$9,141 87, instead of being \$5,575 19, a very moderate rate of interest for carrying our loans, if we take into consideration the pressure of the times. Let us see how much less Mr. Noble gives his friends, J. S. Hunt & Co., for carrying the loans of Indiana. I gave Sherwood 11 per cent., including commissions, as above stated. He gives J. S. Hunt & Co., according to his report, ten per cent. interest, and three per cent. commissions, making 13 per cent. in the whole. After speaking of the debt due to Messrs. Hunt & Co., he very gravely informs us that "they are under an agreement to continue this balance until March 1st, at ten per cent. per annum interest, and three per cent.

commission, a little more than half the charges to which the loans were before subject."

But Mr. Noble is not more mistaken in the amount paid for carrying our loans, than he is in error in respect to my borrowing money of Messrs. Hunt & Co. to pay interest due to Sherwood. The interest and commission for carrying our loans by Sherwood, as above stated, was \$5,575 19. Sherwood, in the mean time, had placed our bonds in the hands of Hunt & Co., and of course I had to make my settlement of the interest with Hunt & Co. and not Sherwood. We had no funds with which to pay this interest, and consequently, the amount had to be borrowed. With whom could I so well make the arrangement as with Messrs. Hunt & Co. then the holders of our bonds? I must either borrow the money of them or some one else. The interest was coming to them, and if I had not paid them, they would have sold our bonds, and paid themselves. Accordingly I made the arrangement with Messrs. Hunt & Co., though not a dollar passed between us. Sherwood, however, being the only person known to us in carrying our bonds, his name had to be used in settling the account. Hence, in my report of 31st Oct. 1840, I credit myself for interest paid Sherwood for carrying loans—

First,	-	-	-	1,287	56	
Second,	-	-	-	1,079	22	
						2,366 78
The balance of interest after my report,						
to 1st of March is, the sum named by						
Noble,	-	-	-	-	-	3,208 41
Making	-	-	-	-		\$5,575 19

Thus I have in a hasty manner reviewed the report of my successor; whether satisfactorily or not, must be left to the judgment of your honorable body. My accuser knew that I had accepted the office of fund commissioner at a most inauspicious period;—that many of my negotiations, however well designed, had proved unfortunate, and would be difficult of explanation satisfactory to a people already scourged with heavy taxes. I hope, however, he is too magnanimous to seize hold of such advantages for the purpose of driving more effectually his own fortunes.

If occasional losses shall have attended my negotiations, I again repeat, let it be remembered, that similar misfortunes attended the efforts of the most of my predecessors. The first set of fund commissioners appointed on the part of the State, it is true, lost nothing, but money was plenty, and credit high. "Single families were ready to furnish millions on American bonds. In Europe, where estates and fortunes had been accumulating for ages, interest was down to three and four per cent., and the longer the time the lower the rate of interest. All the bonds of the States issued, did not exceed \$30,000,000." Times continued prosperous, and money plenty, until 1838, when a reverse of things set in, which has gradually

continued growing more gloomy, until the present day, affecting alike the finances and policy of the States, and the National Government, prostrating the extended business, and commercial relations of our own people with other nations—deranging money matters—reducing the value of labor, and consequently the products of our farms, and suspending even the facilities usually afforded by the banking institutions of the country. Stocks of every description began to fail in market, and the States had increased their debt to more than \$200,000,000. In the very midst of this dark hour it was my misfortune to be made a fund commissioner.

Our suspended debt commences with the year 1838, upon contracts made by my predecessors. The anticipated losses of that year, and a year previous in consequence of the sale of our State bonds, may be estimated to near \$1,500,000. The losses for the year 1839, by the fund commissioners, on account likewise of the sale of State bonds are near \$700,000; and by the President of the State Bank in the same year, \$960,000. Since that time, we have lost some 6 or \$700,000. Thus, you see, that the larger portion of the suspended debt was contracted without my agency. Notwithstanding this, however, I am singled out as the only officer of the whole, deserving your vengeance. A report of more than fifty pages has gone to the people of Indiana, and without doubt, before this has reached the eastern cities, among those with whom I formerly transacted business as the representative of the State, reviling my acts—slandering my motives, and pronouncing me a public defaulter. It is not that I am arraigned for some one or two errors, but the grossest misconduct; and dishonesty is charged from the commencement of my official career as fund commissioner, until its termination. There is not a single act, according to this document, that a friend could contemplate with satisfaction. The matters of controversy, therefore, between the author of this report and myself, are submitted to the consideration of your honorable body, and through you, to our fellow citizens at large. To your decision, and theirs, I shall cheerfully submit.

Respectfully submitted,

MILTON STAPP.

CASH ACCOUNT.

M. STAPP, *late Fund Commissioner,**Dr.*

December 11, 1840—

To balance in cash acc't. last settlement,	- -	\$67,565 11
“ Amt. received from Morris Canal & Banking Co., to pay interest on \$490,000 of sterling bonds,	- -	13,431 25
To cash from Hubbard, secretary,	- -	4,000 00
“ Amt. from Merchant's Exchange Bank, Buffalo,	- -	2,825 00
“ Amt. from Binghampton Bank, int. to 1st January, and on \$20,500 to 1st March, 1841,	- -	4,560 65
To amt. from Merchant's Bank, overpaid them to lift the coupons of the Bank of America, Buffalo,	- -	325 00
To 23 <i>dollar</i> bonds sold to Dodge for Washington county money at 88 cents to the dollar,	- -	20,240 00
To 50 <i>dollar</i> bonds sold to Bank of Circleville,	- -	44,000 00
“ 111 <i>dollar</i> bonds sold to Morris Canal,	- -	97,680 00
“ Amt. received of the Bank of Western New York, their paper,	- -	5,000 00
To amt. received of do, coupons cut,	- -	2,500 00
“ “ loaned of Robinson,	- -	131,175 00
“ “ “ J. S. Hunt, (Sherwood)	- -	63,500 00
“ “ “ J. J. Palmer, Prest.,	- -	47,378 75
“ “ From Morris Canal interest from Harlem Railroad bonds,	- -	770 00
To amt. for interest and commissions on loans made by Sherwood from 10th June, 1840, to 1st March, 1841,	- -	5,575 19
To amt. compromise property for vats sold,	- -	140 00
“ “ Madison Company,	- -	55,044 63
Balance of interest from them,	- -	6,206 67
		<hr/> 61,251 30
To amt. from North American Trust and Banking Co., for coupons cut from bonds hypothecated to them,	- -	1,325 00
To amt. from Indianapolis Branch Bank, (Hubbard)	- -	350 00
“ “ “ Cohens for interest to 1st Jan'y, 1841,	- -	3,300 00
Interest and exchange,	- -	2,388 00
To amt. from procceds of note from Charles Malley, (Madison Co.,)	- -	2,500 00
		<hr/> <hr/> \$581,780 25

November, 1840—

Cr.

By amount sent to London by Palmer,	- -	97,378 75
“ “ Sent to Rothschilds through Belmont,	- -	276 36

January 1st, 1841—

Interest paid in Bank U. S. at New York, to-wit: Wabash and Erie Canal,	- -	\$21,750 00
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Indianapolis and Lawrenceburgh Railroad,	5,525 00	
Internal Improvement, - - -	95,175 00	
Surplus Revenue, Indiana Banks, - -	7,680 00	
	<hr/>	130,130 00
do to Madison Br. Bank, -		1,140 00
Int. paid Merchant's Bank, Internal Impr.,	11,250 00	
Commission, - - - - -	56 25	
	<hr/>	11,306 25
Wabash and Erie Canal, - - -	21,925 00	
Commission, - - - - -	109 62	
	<hr/>	22,034 62
By amt. paid Danforth for printing, -	95 50	
" " " Vanderhoof for filling bonds, &c.,	32 50	
" " " Madison Company for premium,	1,540 00	
" " " Ketcham for deed, - -	3 00	
" " " Isaac Coe for services, -	100 00	
By amt. settled with Sherwood for commission and interest for carrying loans to 1st March, (balance)	3,208 41	
By amt. paid Woodburn for taking gold East, 1840,	60 00	
Noble's draft to Marshall and Cushing, - - -	100 00	
Bonds and mortgages from Bank of Circleville, - -	16,000 00	
Check on Phoenix bank, endorsed by Bank of Circleville,	5,000 00	
Brown & Danforth's obligation, - - - -	28,000 00	
20 bonds from Madison Company returned, - -	17,600 00	
Danforth's acceptance from Madison Company, -	25,677 42	
Staten Island Bank Drafts from same, - - -	20,036 99	
Cash paid Merchant's Bank for coupons cut from bonds hypothecated to North American Trust and Banking Company, - - - - -	850 00	
Discounts in Merchant's Bank paid June, 1840, -	75 00	
Bank of Western New York, paper given to Noble, -	900 00	
Lost on sale of Bank Western N. Y. paper, - -	1,110 00	
Paid for coupons cut from sterling bonds to Roop, -	277 00	
Paid Bank U. States, N. Y., for coupons sent by comptroller from Merchant's Exchange Bank, Buffalo,	2,025 00	
Coupons from Bank Western New York, - -	2,500 00	
Mason's draft on Fund Com'r for Moulridge, - -	50 00	
Cash to Noble in New York, - - - -	439 00	
Noble's draft for amt. paid A. Hendricks, - - -	3,822 00	
Draft and estimate in the office Fund Com'r, - -	1,758 42	
Drafts and estimates in the office, - - - -	44,096 77	
Deed to property in Buffalo, - - - -	1,360 00	
Balance my account in office, - - - -	275 34	
Treasury Notes to Noble, - - - -	2,850 00	
Daily pay from 1st Nov. to 22d Feb., - - -	342 00	
Daily pay for services and expenses from 22d Feb. to 31st May, and travelling east and returning West by Detroit, allowed by Noble, - - - -	374 00	
Mason's draft in favor of Engineers, - - - -	1,000 00	

Hendricks's expenses to Circleville,	-	-	-	40	37
Charles Malley, note from Madison Company,	-	-	-	2,460	00
Washington County Bank paper,	-	-	-	20,000	00
Binghampton Post Notes,	-	-	-	12,000	00
Hoyt for attorney's fees,	-	-	-	300	00
Draft No. 283,	-	-	-	4,239	84
Draft No. 269,	-	-	-	1,168	00
Draft No. 236,	-	-	-	79	00
				<hr/>	5,486 84
Coal agent's notes from Morris Canal,				100,000	00
Less toward interest,	-	-	-	2,320	00
				<hr/>	97,680 00
					<hr/>
					<u>\$581,791 54</u>

NOTE.—I am informed that the Lafayette Branch Bank returned to the Fund Commissioner's office, a payment I made them of \$10,000, which was charged in that office to my cash account, and the money delivered to the present Fund Commissioner; and that \$3,000 of this money was used by him and placed to my credit on the books of the office, and that the \$7,000 still stands charged against me, without my having possession of the money. In these days of suspicion it is necessary for a public officer to have his counters by him though they be worthless. I have therefore declined to bring this matter into my account, but so soon as the money not used is returned to me (\$7,000) I will pay into the office \$7,000 more of estimates, (which I now have on hand,) and this will close that account.

BOND ACCOUNT.

In presenting to this Honorable body my bond account, it will be perceived that I have charged myself with all the bonds which came into my hands, including 456 Madison Railroad bonds, and that I have accounted for the disposition of the same number of bonds that came into my hands. In doing this, however, I do not show who it was that received all the Madison Railroad bonds, nor who it was that received all the Internal Improvement bonds. The reason is this,—that in the hypothecating bonds I had supposed that the identical bonds hypothecated would at all times be returned when redeemed, but this was not the case. I hypothecated Madison Railroad bonds to the North American Trust and Banking Company, and received back from them mostly Wabash and Erie Canal bonds, and Internal Improvement bonds, the most or all of which had been sold before I came into office, and these bonds were again disposed of in various ways, by sale or hypothecation, so that it will be seen at once that although I have not accounted for the disposition of the Madison Railroad bonds to the satisfaction of Mr. Noble, that in the aggregate of all the bonds put into my hands, I have shown that the same number has been disposed of without being used for my individual purpose.

Milton Stapp, late Fund Commissioner, on his bond account—

1839—

Dr.

For sterling bonds delivered to him by Isaac Coe, signed by the said Coe and his associates, James Farrington and C. B. Smith, and numbered from 1,401 to 1,900,	\$500,000
For bank loan sterling bonds, engraved for the President of the State Bank, and signed by Milton Stapp and Lucius H. Scott, numbered from 1 to 1,000,	1,000,000

1840—

For internal improvement sterling bonds, dated 1st July, 1840, and signed by Milton Stapp and Nathan B. Palmer, numbered 1,501 to 2,400,	500,000
For internal improvement sterling bonds, dated first of August, 1840, signed by Milton Stapp and Nathan B. Palmer, numbered 2,401 to 2,900,	500,000
For internal improvement bonds returned by the Morris Canal and Banking Company. See report 31st Oct. 1840, numbered 1,771 to 1,800,	30,000
For Bank loan bonds, returned by the same, numbered 363 to 390, and 849 to 900,	80,000
	110,000

For internal improvement bonds, (irregular) received in exchange for regular bonds, from the U. S. Bank, numbered 701 to 932, 934 to 961, 967 to 972, 973 to 1,000,	294,000	
Amount of debt brought up	<hr/>	<u>\$2,904,000</u>

1839—

Cr.

By internal improvement sterling bonds, sold to Morris Canal and Banking Company, by Milton Stapp and L. H. Scott, - -	\$200,000	
By Bank loan sterling bonds, sold by the President of the State Bank, to the Morris Canal and Banking Company, - -	1,000,000	
By internal improvement sterling bonds, de- livered to Edward R. Biddle, in Oct. 1839, to provide for our interest, 1st of January, 1840, numbered 1,601 to 1,900. See report Oct. 31st, 1840, - - - -	300,000	
By internal improvement sterling bonds, hy- pothecated to Sherwood. See receipts in Noble's possession, - - - -	399,000	
By internal improvement sterling bonds, sold to Sherwood, numbered 1,771 to 1,790, - - - -	20,000	
By Bank loan sterling bonds, 363 to 390, 849 to 900, - - -	80,000	
	<hr/>	100,000
By internal improvement sterling bonds, re- ceived by Sherwood, from J. J. Palmer, - -	40,000	
By internal improvement sterling bonds, hy- pothecated with J. J. Palmer, and transfer- red to Caman & Whitehouse, - -	36,000	
By amount of internal improvement sterling bonds, hypothecated to Nelson Robinson. See receipts in Noble's hands, - - - -	489,000	
By internal improvement sterling bonds, in the hands of Robinson, and returned to Noble. See his report, page 10, - - - -	30,000	
	<hr/>	519,000
By internal improvement sterling bonds, loan- ed to Roop, - - - -	10,000	
By internal improvement sterling bonds, given in exchange with the bank of the United States, for irregular bonds, - - -	300,000	
	<hr/>	<u>\$2,904,000</u>

Note. There are seven sterling bonds signed by Nathan B. Palmer, now in the office of the fund commissioner. These bonds are charged to me in Mr. Noble's account.

Note. There are still six bonds in the possession of the Messrs. Rothschilds, to be exchanged for irregular bonds, there being 294 bonds returned to me.

Milton Stapp, late Fund Commissioner, on his bond account.

1839—

Dr.

For internal improvement <i>dollar</i> bonds, received from Isaac Coe, which are signed by him and his associates, James Farrington and Caleb B. Smith, numbered 3,301 to 4,000, - - - - -	\$700,000
For internal improvement dollar bonds, signed by Milton Stapp and Lucius H. Scott, numbered 4,001 to 4,300, - - - - -	300,000

1840—

For internal improvement <i>dollar</i> bonds, signed by Milton Stapp and Nathan B. Palmer, dated first July, 1840, numbered 4,301 to 4,600, - - - - -	300,000
For Madison Railroad <i>dollar</i> bonds, signed by Milton Stapp and L. H. Scott, dated 1st July, 1839, numbered 1 to 456, - - -	456,000
For Bank loan dollar bonds, signed by Milton Stapp and Lucius H. Scott, numbered 1 to 23, - - - - -	23,000
For Wabash and Erie Canal bonds, returned by the Bank of Commerce, Buffalo, - - -	15,000
For internal improvement bonds, returned by Merchants Exchange Bank of Buffalo, - - -	6,000
For internal improvement bonds, returned by Bank of America, Buffalo, (Roop,) - - -	3,000

\$1,803,000
20,000

\$1,823,000

For bonds returned from Madison Company,

1839—

Cr.

By internal improvement <i>dollar</i> bonds, sold by M. Stapp and L. H. Scott, to Morris Canal and Banking Company, - - -	\$282,000
By internal improvement dollar bonds, sold by same, to Erie County Bank, - - -	200,000
By internal improvement dollar bonds, sold by same, to Binghamton Bank, - - -	100,000

By internal improvement dollar bonds, sold by same, to Bank of Commerce, (Pratt,)	100,000
By internal improvement dollar bonds, sold by same, to Merchants Exchange Bank of Buffalo. - - - - -	200,000
By internal improvement dollar bonds, sold to Bank of America, Buffalo, (Roop,) -	50,000
By Madison Railroad bonds, sold to Madison Company, - - - - -	221,000
1840—	
By Madison Railroad bonds, delivered to the Madison Company, - - - - -	89,000
By internal improvement and Madison Rail- road bonds, sold to Morris Canal, -	111,000
By same, sold Bank of Circleville, - -	50,000
By internal improvement bonds, sold to Sher- wood, - - - - -	100,000
By dollar bonds, hypothecated to Sherwood. See receipt in Noble's possession, - -	91,000
By dollar bonds, hypothecated to Robinson. See receipts in Noble's possession, - -	105,000
By the obligation of Drew, Robinson & Co., for - - - - -	20,000
By bonds sold to Dodge, - - 32,000	
Less returned, - - - 3,000	
	<hr/> 29,000
By bonds in the hands of Danforth. See his bond with Noble, - - - - -	45,000
By bonds sold to Newburyport Bank, to be returned by the Madison Company, -	30,000
	<hr/> <u>\$1,823,000</u>

Note. Fifty of the bonds here placed to my credit, on account of Sherwood are to be accounted for as named in the foregoing part of this communication.

Note. There are four *dollar* bonds signed by Nathan B. Palmer and charged to me by Mr. Noble, which will be found in the fund commissioner's office.

Note. Six other bonds sold to Dodge, will be returned by me, if not returned by Dodge.

EXHIBIT (A)

New York, October 24th, 1841.

DEAR SIR—

Yours of the 21st is received. I was informed of the contract made between you and Mr. M. B. Sherwood, in regard to 180 bonds of \$1,000 dollars each, called Indiana and Illinois bonds, by which it was agreed, that you might have the avails of the claim which Mr. Sherwood then had to receive against the house of Holford, Brancker & Co. of this city. He having surrendered to you, as I understood, his legal and equitable interest in the entire funds or liability of the house; and one of two grounds, were assumed as the means of obtaining such interest: either to tender the amount for which the securities had been pledged by Mr. S., and thus redeem the specific securities, or, allow them to be sold for cash, and take the surplus, which in effect would produce the same result. Or, as the other alternative, establish the contract with H., B. & Co. to be usurious and void, and seek a recovery of the bonds or their value.

The latter course, upon advising with me, was resolved upon, as under all the circumstances, most likely to attain the desired object. And in consequence of the equitable assignment to you, of Mr. S. interest, your remedy would be in our court of chancery. And to that end, a bill was prepared in July last. It is proper to add, that the matter was agitated whether the claim should not be relinquished by you to the State of Indiana, and proceedings be taken solely in its behalf, which would have enabled you to have become a witness, and would have enabled the State to have asserted its original title respecting any illegal transfers, (if any such there were,) of the Indiana bonds, and eventually, if driven from that ground, sheltering itself under the equitable interest obtained from Mr. S. This view of the case was deemed most practicable, and would have been resorted to, if the fund commissioner (Gov. Noble,) had consented to it, but on submitting the question to him, he wholly declined; and the bill in chancery was therefore prepared in your favor.

Since the bills filed by the State against Sherwood and others, have come to my knowledge, I have examined the matter set forth in them, which I find incompatible with the grounds of your claim, and have concluded it would be imprudent at least, to have your controversy and the controversy of the State founded upon antagonist principles, progressing in the same court at the same time; and upon that ground, for the present, I recommend a suspension of your proceedings.

I am,

Your obedient servant,

S. SHERWOOD.

MILTON STAPP, Esq.



REPORTS

OF THE

STATE BANK AND BRANCHES,

To the General Assembly.

OFFICE OF THE STATE BANK OF INDIANA, }
Indianapolis, Dec. 10, 1841. }

Hon. JOHN W. DAVIS,

Speaker of the House of Representatives:

SIR—Herewith is submitted the exhibit of the affairs and business of the State Bank and each branch thereof, on the third Saturday of November last, as required by the charter, and as referred to in the annual report of the first instant; which please lay before the House of Representatives.

Very respectfully,

JAMES M. RAY, *Cashier.*

Statement of the condition of the State Bank of Indiana, on Saturday, November 20, 1841.

177

Bills discounted,	-	-	\$2,422,305 98	Capital stock:			
Bills of exchange,	-	-	857,163 03	Paid in by the State,	\$1,344,950 00		
				Paid in by individuals and			
				counties,	-	1,398,241 62	2,743,191 62
Suspended debt:							
On personal security,	-	-	405,048 98	Balance of profit and loss			
On bills of exchange,	-	-	35,501 56	to 30th Oct. 1841, not			
On bonds and mortgages,			10,926 50	yet divided,	-	15,915 32	
				Net profit since 30th Octo-			
Real estate:				ber, 1841,	-	16,968 25	
Banking houses,	-	-	200,494 64	Dividend not drawn,	-		32,883 60
Other property,	-	-	40,556 51	Tax for school purposes,			36,068 93
				Surplus fund,	-		9,644 02
Furniture and fixtures,				Suspended interest, sinking fund, and other			308,742 61
Deposites in, and dues from Branches and				cash items,	-		147,344 86
other Banks:				Deposites by, and dues to Branches			
From Branches to other Branches,				and other Banks:			
From other Banks to Branches:				To Branches from other Branches,	-	-	40,483 33
To Branch at Indianapolis,	55,555 31			To other Banks from Branches:			
Lawrenceburgh,	11,690 81			From Branch at Indianapolis,	5,690 41		
Richmond,	13,898 28			Lawrenceburgh,	20,021 52		
Madison,	25,367 31			Richmond,	407 02		
New Albany,	19,068 57			Madison,	35,721 17		
Evansville,	2,161 24			New Albany,	19,099 57		
Vincennes,	18,295 29			Evansville,	11,704 69		
Bedford,	2,898 22						
Terre Haute,	13,246 76						

Lafayette,	12,015 37		
Fort Wayne,	1,902 52		
South Bend,	1,051 39		
Michigan City,		182,151 07	
The State of Indiana, for pay- ments to contractors,	688,203 15		
The State of Indiana, in the advance of the 4th instal- ment of surplus revenue,	294,000 00		
Remittances and other cash items, Bank notes on hand:		982,203 15	
Notes of alternate Branches,	264,748 00	99,035 27	
Notes and Checks of other banks,	177,244 70		
		441,992 70	
Specie:			
Gold,	72,664 80		
Silver,	1,055,236 57		
		1,127,901 37	
		<u>\$6,843,018 90</u>	

Vincennes,	3,419 64		
Bedford,	208 75		
Terre Haute,	13,934 01		
Lafayette,	2,528 54		
Fort Wayne,			
South Bend,	1 50		
Michigan City,	3,328 37		
		116,065 19	
Circulation,	- -	2,871,689 00	
Between the Branches,	- -	264,748 00	
Individual deposits,			
		3,136,437 00	
		272,157 74	

JAMES M. RAY, Cashier.

OF INDIANA, on Saturday No

ate Debt for payment to contractors.	State Bonds for 4th instalment.	Remittances, Interest, and other Cash items.
90,818 95	39,000 00	40,923 12
47,783 31	52,000 00	9,653 32
17,392 24	39,000 00	296 15
31,004 99	38,000 00	5,150 00
56,409 23	29,000 00	157 54
107,919 59	19,000 00	523 00
40,457 95	- -	4 72
22,877 33	- -	6,204 02
29,607 75	58,000 00	5,127 32
189,270 21	- -	198 09
54,661 60	- -	26,201 52
- -	10,000 00	1,311 85
- -	10,000 00	3,279 62
688,203 15	\$294,000 00	\$99,035 27

Surplus Fund.	Interest, Sinking Fund, and other cash items.	Indivi Depo
23,746 25	7,148 45	35,3
40,762 63	7,811 74	17,2
21,713 30	8,613 14	12,3
29,262 00	13,920 31	26,9
33,893 71	17,384 00	30,6
13,514 51	15,661 75	25,0
16,374 16	8,521 90	9,3
14,993 61	6,742 07	9,0
31,083 08	12,139 62	24,5
23,818 35	27,078 72	21,1
23,581 61	13,386 12	33,6
18,724 57	1,503 29	17,2
12,274 83	7,433 75	9,6
\$308,742 61	\$147,344 86	\$272,1

To fol

Lafayette, Fort Wayne, South Bend, Michigan City,	12,015 37 1,902 52 1,051 39 <hr/> 182,151 07	Vincennes, Bedford, Terre Haute, Lafayette, Fort Wayne, South Bend, Michigan City,	3,419 64 208 75 13,934 01 2,528 54 <hr/> 1 50 3,328 37 <hr/> 116,065 19
The State of Indiana, for pay- ments to contractors, The State of Indiana, in the advance of the 4th instal- ment of surplus revenue,	688,203 15 <hr/> 294,000 00	Circulation, Between the Branches,	2,871,689 00 264,748 00 <hr/> 3,136,437 00
Remittances and other cash items, Bank notes on hand:	982,203 15 99,035 27	Individual deposits,	272,157 74
Notes of alternate Branches, Notes and Checks of other banks.	264,748 00 <hr/> 177,244 70 <hr/> 441,992 70		
Specie: Gold, Silver,	72,664 80 1,055,236 57 <hr/> 1,127,901 37		
	<hr/> \$6,843,018 90		<hr/> \$6,843,018 90

JAMES M. RAY, Cashier.

STATEMENT OF THE BUSINESS OF EACH BRANCH OF THE STATE BANK OF INDIANA, on Saturday November 30, 1841.

RESOURCES.

BRANCHES.	Bills Discounted.	Bills of Exchange.	Branch Balances.	Other Bank Balances.	Banking Houses.	Other Real Estate.	FURNITURE.	State Debt for payment to Contractors.	State Bonds for 4th instalment.	Remittances, Interest, and other Cash items.	Notes of other Branches.	Notes and Checks of other Banks.	SPECIE.
INDIANAPOLIS,	157,707 27	151,675 07	8,783 91	55,555 31	31,129 33	-	536 14	90,818 95	39,000 00	40,923 12	25,555 00	44,384 00	93,432 43
LAWRENCEBURGH,	239,861 31	149,771 92	723 21	11,690 81	11,797 65	3,242 66	-	47,783 31	52,000 00	9,653 32	-	13,709 00	77,478 01
RICHMOND,	252,698 52	33,825 25	928 93	18,896 28	5,114 70	3,200 50	288 16	17,292 24	39,000 00	296 15	34,226 00	30,010 00	99,927 43
MADISON,	330,834 27	90,538 10	3,313 22	25,367 31	10,456 47	-	599 24	31,004 99	36,000 00	5,150 00	17,699 00	1,306 70	90,453 91
NEW ALBANY,	398,759 70	47,312 67	-	13,068 57	29,841 90	-	-	56,409 23	29,000 00	157 54	2,066 00	6,272 00	69,806 79
EVANSVILLE,	174,988 39	55,056 19	1,316 80	2,161 24	30,624 95	-	-	107,919 59	19,000 00	523 00	1,427 00	565 00	67,465 50
VINCENNES,	207,438 78	25,047 98	5,009 32	16,295 29	18,941 80	2,400 00	961 56	40,157 95	-	4 72	10,709 00	20,125 00	90,563 08
BEDFORD,	178,250 74	66,761 51	2,005 69	2,096 22	3,414 60	1,466 41	142 00	25,677 33	-	6,204 02	26,430 00	6,412 00	76,443 13
TERRE HAUTE,	252,864 25	40,818 55	146 48	13,246 70	13,460 73	-	-	556 25	58,000 00	5,127 32	30,490 00	15,795 00	133,511 12
LAFAYETTE,	260,128 17	53,249 85	645 26	12,015 37	14,415 50	10,047 40	617 34	189,270 21	-	198 09	2,000 00	13,420 00	67,013 40
FORT WAYNE,	263,018 78	28,207 05	25 00	1,902 52	15,429 30	2,611 5	635 38	54,691 60	-	26,201 62	9,846 00	22,071 00	99,977 07
SOUTH BEND,	192,671 24	20,910 89	3,425 60	1,051 39	13,014 93	6,000 00	501 21	-	10,000 00	1,311 65	26,264 00	3,704 00	78,137 81
MICHIGAN CITY,	129,060 04	129,194 61	5,146 11	-	2,952 80	11,588 79	626 20	-	10,000 00	3,279 62	56,365 60	671 00	83,960 69
	\$2,830,261 46	\$992,669 64	\$32,269 61	\$182,151 07	\$200,494 64	\$40,556 51	\$5,463 48	\$686,203 15	\$294,000 00	\$99,035 27	\$264,748 00	\$177,244 70	\$1,127,901 37

LIABILITIES.

	CAPITAL STOCK.		Circulation.	Branch Balances.	Other Bank Balances.	Dividends not drawn.	Tax for School purposes.	Surplus Fund.	Interest, Sinking Fund, and other cash items.	Individual Deposites.	PROFIT AND LOSS.	
	State.	Individual and Counties.									To Oct. 30, 1841.	Since Oct. 30, 1841.
INDIANAPOLIS,	125,300 00	170,000 00	358,276 00	1,742 27	5,690 41	9,882 72	850 00	23,746 25	7,146 45	35,366 29	-	1,498 14
LAWRENCEBURGH,	112,000 00	170,000 00	240,721 00	1,943 49	20,021 52	3,125 38	1,275 00	40,762 63	7,811 74	17,248 56	-	2,802 68
RICHMOND,	106,000 00	125,000 00	244,972 00	774 45	407 02	4,094 67	937 50	21,713 30	8,613 14	12,309 69	-	902 89
MADISON,	147,150 00	171,000 00	196,280 00	9,505 97	35,721 17	1,979 40	1,202 50	29,262 00	13,920 31	26,956 34	-	2,064 52
NEW ALBANY,	112,000 00	87,000 00	182,187 00	-	19,009 57	3,162 82	653 25	32,893 71	17,384 00	30,667 15	-	1,246 80
EVANSVILLE,	105,650 00	84,950 00	189,136 00	6,955 57	11,704 69	1,337 06	424 75	13,514 51	15,661 75	25,030 93	-	1,246 80
VINCENNES,	81,000 00	88,500 00	237,690 00	3,350 54	3,419 64	2,019 44	600 00	16,374 16	8,521 90	9,333 86	5,012 57	834 83
BEDFORD,	87,150 00	87,150 00	184,950 00	275 32	208 75	2,946 11	653 63	14,993 61	6,742 07	9,088 99	-	927 94
TERRE HAUTE,	119,650 00	92,350 00	290,282 00	-6,921 21	13,934 01	1,438 84	692 51	31,083 68	12,139 62	24,523 33	-	1,945 26
LAFAYETTE,	111,050 00	135,500 00	291,822 00	5,663 42	2,926 54	1,547 83	674 88	23,818 35	27,078 72	21,142 65	10,102 78	518 42
FORT WAYNE,	30,000 00	80,000 00	205,873 00	2,967 94	-	2,188 04	600 00	28,581 61	13,386 12	33,608 00	-	332 76
SOUTH BEND,	32,441 62	77,450 00	240,842 00	348 37	1 50	422 11	400 00	18,724 57	1,503 29	17,200 31	-	290 23
MICHIGAN CITY,	80,000 00	-	-	6 78	3,328 37	1,923 51	600 00	12,274 83	7,433 75	9,609 75	-	1,306 07
	\$1,344,950 00	\$1,398,241 02	\$3,126,437 00	\$40,483 33	\$116,065 19	\$36,068 93	\$9,644 02	\$308,742 61	\$147,344 86	\$272,157 74	\$15,915 35	\$16,366 25

To follow page 178, Doc. Journal, House.

Lafayette.

19,015 37

Winchester

19,015 37

OFFICERS AND COMPENSATION.

STATE BANK.

Samuel Merrill, President,	-	-	-	-	-	-	\$1,500 00
James M. Ray, Cashier, (including clerk hire,)	-	-	-	-	-	-	1,500 00

BRANCHES.

INDIANAPOLIS.

Hervey Bates, President,	-	-	-	-	-	-	\$800 00
B. F. Morris, Cashier, dwelling-house and	-	-	-	-	-	-	1,300 00
T. H. Sharpe, Teller,	-	-	-	-	-	-	1,100 00
J. P. Southard, Clerk and book-keeper,	-	-	-	-	-	-	350 00

LAWRENCEBURGH.

Daniel S. Major, President,	-	-	-	-	-	-	\$500 00
John P. Dunn, Cashier,	-	-	-	-	-	-	1,250 00
Henry H. Hobbs, Teller,	-	-	-	-	-	-	500 00

RICHMOND.

A. C. Blanchard, President,	-	-	-	-	-	-	\$500 00
Elijah Coffin, Cashier, (including clerk hire,)	-	-	-	-	-	-	1,500 00

MADISON.

J. F. D. Lanier, President,	-	-	-	-	-	-	\$1,000 00
John Sering, Cashier,	-	-	-	-	-	-	1,500 00
Isaac C. Lea, book-keeper,	-	-	-	-	-	-	700 00
Samuel B. Sering, Clerk,	-	-	-	-	-	-	400 00

NEW ALBANY.

Mason C. Fitch, President,	-	-	-	-	-	-	\$700 00
James R. Shields, Cashier,	-	-	-	-	-	-	1,400 00
Victor A. Pepin, First Clerk,	-	-	-	-	-	-	800 00
William E. Fitch, Second Clerk,	-	-	-	-	-	-	400 00

EVANSVILLE.

John Mitchell, President,	-	-	-	-	-	-	
John Douglass, Cashier,	-	-	-	-	-	-	\$1,200 00
Horace Dunham, Clerk,	-	-	-	-	-	-	600 00

VINCENNES.

D. S. Bonner, President,	-	-	-	-	-	-	-	
John Ross, Cashier,	-	-	-	-	-	-	-	\$1,500 00
G. W. Rathbone, Clerk,	-	-	-	-	-	-	-	600 00

BEDFORD.

William McLane, President,	-	-	-	-	-	-	-	\$500 00
Daniel R. Dunihue, Cashier,	-	-	-	-	-	-	-	700 00
Isaac Rector, Clerk,	-	-	-	-	-	-	-	500 00

TERRE HAUTE.

Demas Deming, President,	-	-	-	-	-	-	-	\$700 00
A. B. Fontaine, Cashier, dwelling-house and	-	-	-	-	-	-	-	1,000 00
Nathaniel Preston, Clerk,	-	-	-	-	-	-	-	500 00

LAFAYETTE.

Joseph S. Hanna, President,	-	-	-	-	-	-	-	
Cyrus Ball, Cashier, dwelling-house and	-	-	-	-	-	-	-	\$800 00
A. P. Linn, Teller,	-	-	-	-	-	-	-	800 00
George H. Harris, Clerk, Conting.	-	-	-	-	-	-	-	

FORT WAYNE.

Samuel Hanna, President,	-	-	-	-	-	-	-	\$400 00
H. McCulloch, Cashier, dwelling-house and	-	-	-	-	-	-	-	1,200 00
M. M. Hubbell, Teller,	-	-	-	-	-	-	-	350 00

SOUTH BEND.

L. M. Taylor, President,	-	-	-	-	-	-	-	
H. Chapin, Cashier, dwelling-house and	-	-	-	-	-	-	-	\$1,200 00
John Grant, Teller,	-	-	-	-	-	-	-	900 00
Rent for Banking house,	-	-	-	-	-	-	-	275 00

MICHIGAN CITY.

Joseph Orr, President,	-	-	-	-	-	-	-	\$500 00
A. P. Andrews, Jr., Cashier,	-	-	-	-	-	-	-	1,400 00
Samuel Gordon, Jr., Teller,	-	-	-	-	-	-	-	600 00
John B. Niles, Attorney,	-	-	-	-	-	-	-	100 00

[NOTE.—The information, as to the offering for sale the real estate, other than the banking-houses, held by the branches, will be seen in the respective Branch reports submitted of the same date herewith.]

JAMES M. RAY, *Cashier.*

BRANCH STATE BANK OF INDIANA, }
Indianapolis, December 7, 1841. }

Hon. JOHN W. DAVIS,

Speaker of the House of Representatives:

SIR: I enclose a statement of the condition of this Branch as it was at the close of banking hours on the third Saturday of November, 1841.

Very respectfully,

B. F. MORRIS, *Cashier.*

State of the Branch at Indianapolis of the State Bank of Indiana, on the 20th November, 1841.

182

Dr.		Cr.	
Notes discounted,	\$142,190 52	Capital stock,	\$295,300 00
Bills of Exchange,	151,675 07	Notes in circulation,	358,276 00
Suspended debt, on personal security,	15,516 75	Individual deposits,	35,366 29
		Surplus fund,	23,746 25
		Permanent school fund,	850 00
Suspended debt, on bonds and mortgages,	\$309,382 34	Commissioners sinking fund,	5,716 27
Banking house and lots,	29,287 52	“ surplus revenue,	-
“ State Bank,	1,841 81	“ internal improvement fund,	-
Furniture and fixtures,	536 14	“ Wabash and Erie canal fund,	-
Current expense,	205 18	State Bank of Indiana,	\$1,040 13
Protest,	43 12	Branch at Richmond,	378 54
Indiana State Bonds,	39,000 00	“ Lawrenceburgh,	-
Commissioners Sinking Fund,		“ Madison,	-
“ Surplus Revenue,		“ New Albany,	-
“ Internal Improvement Fund,	90,818 95	“ Evansville,	-
“ Wabash and Erie Canal Fund,		“ Vincennes,	-
		“ Bedford,	323 60
State Bank of Indiana,			
Branch at Richmond,		Branch at Terre Haute,	
“ Lawrenceburgh,	528 52	“ Lafayette,	
“ Madison,	6,414 41	“ Fort Wayne,	
“ New Albany,	90 98	“ South Bend,	
“ Evansville,	80 64	“ Michigan City,	
“ Vincennes,	277 18	Due to other banks—	
“ Bedford,		Ohio Life Insurance and Trust Company, Cincinnati,	
“ Terre Haute,	157 58	Lafayette Bank, Cincinnati,	
“ Lafayette,	414 04	Franklin Bank, Cincinnati,	645 21
“ Fort Wayne,	179 46	Commercial Bank, Cincinnati,	2,290 68
“ South Bend,	565 51		
			1,742 27

[illegible]

ANNUAL COMPENSATION PAID TO OFFICERS.

President,	-	-	-	-	\$800
Cashier,	-	-	-	-	1,300
Teller,	-	-	-	-	1,100
Clerk,	-	-	-	-	350

B. F. MORRIS, *Cashier.*

Bills Discounted,	-	-	\$192,754 74	Capital Stock paid in	-	-	\$282,000 00
Bills of Exchange,	-	-	149,771 92	Discount,	-	-	1,199 00
Suspended debt on Personal Security,	-	-	38,206 57	Exchange and Premiums on Eastern Checks,	-	-	1,767 73
Suspended debt on Bills,	-	-	8,900 00	Profit and Loss, Damages,	-	-	26 60
on B'ds and Mt'gs,	-	-	389,633 23	Interest,	-	-	162 46
Banking House,	-	-	9,955 79	Treasurer of United States,	-	-	3,155 79
Do. State Bank,	-	-	1,841 86	U. S. Pension Agent in Indiana,	-	-	133 18
Other Real Estate,	-	-	3,242 66	School Fund,	-	-	1,275 00
Furniture,	-	-	353 11	Surplus Fund,	-	-	40,762 63
Current Expense,	-	-	15,393 42	Unclaimed Dividend,	-	-	3,125 38
Due from State Bank	-	-	7 95	Due to other Branches, viz:	-	-	45,296 19
Branch at Indianapolis,	-	-	-	at Indianapolis,	-	-	581 52
" at Richmond,	-	-	-	at Richmond,	-	-	-
" at Madison,	-	-	-	at Madison,	-	-	677 45
" at New Albany,	-	-	-	at New Albany,	-	-	1 32
" at Evansville,	-	-	80 04	at Evansville,	-	-	-
" at Vincennes,	-	-	376 37	at Vincennes,	-	-	-
" at Bedford,	-	-	-	at Bedford,	-	-	-
" at Terre Haute,	-	-	20 00	at Terre Haute,	-	-	-
" at Lafayette,	-	-	174 85	at Lafayette,	-	-	-
" at Fort Wayne,	-	-	64 00	at Fort Wayne,	-	-	-
" at Michigan City,	-	-	723 21	at Michigan City,	-	-	683 20
							1,943 49

" at South Bend,		at South Bend,	
Bank Ohio Life Insu'ce and Trust Co.	1,670 76	Bank Ohio Life Insu'ce & Trust Co.	-
Franklin Bank Cincinnati,	976 46	Franklin Bank, Cincinnati,	-
Commercial " "	5,014 66	Commercial Bank, " "	-
Mechanics & Traders " "	-	Mechanics & Traders Bank, Cincin.	-
Lafayette	-	Lafayette Bank, Cincinnati,	279 26
Miami Exporting Company,	-	Miami Exporting Company,	53 50
Bank of Kentucky,	-	Bank of Kentucky,	1,099 88
Bank of Louisville,	-	Louisville,	16,684 75
Merchants' Bank New York,	-	Merchants Bank, New York,	-
Morris Canal and Banking Co.,	-	Morris Canal & Banking Co.,	-
Urbana Banking Company,	-	Girard bank, Philadelphia,	-
Girard Bank, Philadelphia,	-	Bank of U. S. " "	-
U. States " "	-	Philadelphia,	-
Philadelphia Bank " "	2,028 50	Covington branch, N. bank Ky.,	-
H. H. Goodman & Co.,	-	Merchants Bank, New Orleans,	-
Covington Branch, N. B'k Ky.,	-	Exchange Bank, Pittsburgh,	602 98
Merchants Bank, New Orleans,	1,538 16	Urbana Banking Company,	-
Exchange Bank, Pittsburgh,	-	Farmers' and Mechanics' bank,	-
Farmers and Mechanics Bank,	-	Steubenville,	366 09
Steubenville,	-	H. H. Goodman & Co.,	-
Amer. Exchange Bank, New York,	81 63	Geo. H. Dunn, Treasurer of State,	917 75
Agency Ohio Life and Trust Compa-	-	George Milne & Co.	17 31
ny, New York,	360 20		
Merchants' Bank, Baltimore,	20 44		
		Auditor of Public Ac'ts. of Indiana,	379 71
		Remittance,	-
Remittance to New York,	3,000 00	Dividend Surplus Fund,	-
Remittance to Cincinnati,	6,550 00	Sinking Fund acc't. Sur. Revenue,	82 12
			20,021 52

Sinking Fund acc't. Surplus Revenue,		Commissioners of Sinking Fund,	5,781 65
Indiana State Bonds, 6 per cent.,	52,000 00		
Fund Commissioners,	47,783 31		6,243 48
Protest Account,	99,783 31	Suspense account,	- - -
Suspense Account,	103 32	Protest Account,	- - -
Cash, viz:		Suspended Interest,	1,435 08
Notes on other Branches of the		Certificates of Deposit,	1,843,38
State Bank of Indiana,	13,709 00		3,278 46
Notes on Banks of other States,		5's and upwards,	213,521 00
Specie: Silver, 76,978 81 }	77,478 81	Under 5's,	27,200
Gold, 500 00 }		Circulation,	240,721 00
Checks,	91,187 81	Individual Deposits,	15,405 18
	<u>\$618,065 11</u>		<u>\$618,065 11</u>

JOHN P. DUNN, *Cashier*.DANIEL S. MAJOR, *President*.

BRANCH BANK, Lawrenceburgh, Dec. 1, 1841.

To the Hon. President of the Senate:

DEAR SIR—Annexed please find state of the Branch Bank of Indiana at Lawrenceburgh, as it was on the 20th November, 1841. The number of officers attached to this Branch is—

Daniel S. Major, President, with a salary of	- - -	\$500.
John P. Dunn, Cashier,	- - -	1,250.
Henry R. Hubbs, Teller	- - -	500.

No rent paid—the real estate not having been owned a year has not been offered for sale. Respectfully,
JOHN P. DUNN, *Cashier*.

To the Senate of the State of Indiana:

I beg leave to present you herewith, in accordance with the requisition in the 65th section of the Bank Charter, by direction and on behalf of the President and Directors of the Branch at Richmond of the State Bank of Indiana, a statement of the condition of this Branch on Seventh day, at 2 o'clock, in the afternoon, Eleventh month, 20th, 1841; together with the names of the officers, and the compensation to each.

All of which is respectfully submitted.

ELIJAH COFFIN, *Cashier.*

Branch Bank, Richmond, }
11th month, 22d, 1841. }

Notes Discounted,	-	\$231,891 80	Capital Stock,	-	\$231,000 00
Bills of Exchange,	-	33,825 25	Notes in circulation,	-	244,973 00
Suspended debt on personal security,	-	20,806 72	Individual deposits,	-	12,309 69
			Discount received,	-	903 71
			Interest	-	7 67
Suspended debt on Bonds and Mortgages,	-		Exchange and Premiums,	-	71 51
Banking House at Richmond,	-	3,272 90			982 89
" " for State Bank,	-	1,841 80	Profit and loss,	-	
Furniture and Fixtures,	-	288 16	School fund,	-	937 50
			Surplus fund,	-	21,713 30
			Unclaimed dividends,	-	4,094 67
Other real estate,	-	5,402 86	State Bank of Indiana,	-	
Protest account,	-	3,200 00	Branch at Indianapolis,	-	
State Bank of Indiana,	-	101 87	" Lawrenceburgh,	-	
Branch at Indianapolis,	-		" Madison,	-	774 45
" Lawrenceburgh,	-	307 82	" New Albany,	-	
" Madison	-		" Evansville,	-	
" New Albany,	-		" Vincennes,	-	
" Evansville,	-		" Bedford,	-	
" Vincennes,	-	90 00	" Terre Haute,	-	
" Bedford,	-	100 00	" Lafayette,	-	
" Terre Haute,	-	102 62	" Fort Wayne,	-	
" Lafayette,	-	230 00	" South Bend,	-	
" Fort Wayne,	-	98 45	" Michigan City,	-	
" South Bend,	-		Merchants' Bank, New York,	-	

Notes discounted,	-	-	\$282,824 82		Capital Stock,	-	-	\$318,150 00
Bills of exchange,	-	-	90,938 10		Circulation, \$5's and upwards,	-	-	180,680 00
Under protest,	-	-	38,009 45		Under \$5,	-	-	15,600 00
				411,772 37				
Banking House,	-	-		8,614 67	Profit and loss,	-	-	196,280 00
Furniture and fixtures,	-	-		599 24	Surplus fund,	-	-	2,064 52
Banking House State Bank,	-	-		1,841 80	School fund,	-	-	29,262 00
Fund Commissioners of Indiana,	-	-		31,004 99	Individual depositors,	-	-	1,282 50
Commissioners of Sinking Fund,	-	-			Commissioners' Sinking Fund,	-	-	26,958 34
Indiana six per cent. stock,	-	-		38,000 00	Suspended interest,	-	-	9,617 66
CASH—					Dividends unpaid,	-	-	4,302 65
Other branches,	-	-	17,699 00		Branch at Indianapolis,	-	-	1,978 40
Other banks,	-	-	1,306 70		“ Lafayette,	-	-	4,455 63
Silver,	-	-	89,684 54		“ New Albany,	-	-	1,276 31
Gold,	-	-	769 37		“ Bedford,	-	-	532 46
Indiana Treasury Notes,	-	-	5,150 00		“ Michigan City,	-	-	829 05
				114,609 61	“ South Bend,	-	-	178 59
Branch at Terre Haute,	-	-	187 87		Commercial Bank, Cincinnati,	-	-	2,233 93
“ Lawrenceburgh,	-	-	750 24		Lafayette “ “	-	-	1,188 08
“ Fort Wayne,	-	-	41 78		Franklin “ “	-	-	974 20
“ Vincennes,	-	-	1,266 42		Far. & Mec. “ Steubenville,	-	-	121 65
“ Richmond,	-	-	499 01		M. & M. “ Wheeling,	-	-	1,919 82
“ Evansville,	-	-	567 90		N. Western “ Virginia,	-	-	121 52
Commercial Bank, Cincinnati,	-	-			M. & M. “ Pittsburgh,	-	-	3,281 06
Lafayette, “ “	-	-	7,286 96		Exchange “ Pittsburgh,	-	-	1,425 26
Franklin “ “	-	-			Merchants’ “ Baltimore,	-	-	

Farmer's & M. Bank, Steubenville,	
M. & M. " " Wheeling,	
N. Western " " Virginia,	
M. & M. " " Pittsburgh,	
Exchange " " "	
Merchants' " " Baltimore,	1,194 05
Mechanics' " " Philadelphia,	1,736 58
Merchants' " " New York,	2,082 01
S. & L. D. " " Boston,	
Northern " " Ky. Louisville,	
Union " " Maryland,	2 25
State " " Indiana,	- 425 00
Com. & R. R. " " Vicksburg,	10,351 63
Bank of Ohio Life Ins. & Trust Co.,	2,220 91
" " Virginia, Charleston,	
" " Kentucky,	
" " Louisville,	
" " Pittsburg,	
Louisville Savings Institution,	67 92
New Orleans Canal & Banking Co.,	28,680 53
<hr/>	
\$635,123 21	

Mechanics' Bank, Philadelphia,	
Merchants' " " New York,	984 26
S. & L. D. " " Boston,	1,185 28
Northern " " Ky., Louisville,	
Bank of Ohio Life Ins. & Trust Co.,	
" " Virginia, Charleston,	1,057 11
" " Kentucky,	- 2,177 65
" " Louisville,	- 18,775 20
" " Pittsburg,	- 636 34
" " Metropolis,	- 1 75
Louisville Savings Institution,	345 40
New Orleans Canal & Banking Co.,	
Portland D. D. & In. Co.,	512 93
Mechanics' Savings In. Louisville,	679 91
St. Louis Gas-light Co.,	- 333 75
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45,227 14	

\$635,123 21

JOHN SERING, Cashier.

OFFICERS.

J. F. D. Lanier, President, salary	-	-	-	\$1,000
John Sering, Cashier, “	-	-	-	1,500
Isaac C. Lea, Book-keeper, “	-	-	-	700
Samuel B. Sering, Clerk, “	-	-	-	400

We do hereby certify that the foregoing exhibits a true and correct statement of the condition of the Bank on the third Saturday of November, 1841, at 2 o'clock, P. M., of said day.

The officers of this Branch are a president, whose salary is seven hundred dollars per annum ; a cashier, at a salary of one thousand four hundred dollars ; a 1st clerk, at a salary of eight hundred dollars ; and a 2d clerk, at a salary of four hundred dollars.

M. C. FITCH, *President.*

J. R. SHIELDS, *Cashier.*

Bills discounted, - - -	\$155,045 39	Capital stock paid in, - - -	\$190,600 00
Domestic bills of exchange, 49,211 19		Discount, - - -	639 02
Suspended debt on personal security, - - -	19,943 00	Exchange, - - -	402 56
Suspended debt on bills, - - -	5,845 00	Profit and loss, - - -	1,041 58
Banking house, - - -	28,783 15	Suspended interest, - - -	5,812 57
State banking house, - - -	1,341 80	Surplus fund, - - -	14,837 25
			13,514 51
Current expense, - - -	30,624 95	Permanent fund, - - -	28,351 76
Deposites in and dues from other branches and banks, viz:—	206 75	Sinking fund, - - -	424 75
Branch at Vincennes, - - -	1,259 10	Unclaimed dividends, - - -	824 50
“ Lafayette, - - -	57 70		1,337 06
		Deposites by, and dues to other branches and banks, viz:—	2,586 31
Branch Bank, Mount Carmel	251 73	Branch at Indianapolis, - - -	89 02
Bank of Missouri, - - -	221 50	“ Lawrenceburgh, - - -	80 04
Bank of Illinois, - - -	472 82	“ Madison, - - -	947 61
Bank of Lawrenceville, - - -	276 07	“ New Albany, - - -	4,960 69
Bank of Louisville, - - -	753 21	“ Bedford, - - -	75 00
Ohio Life Insurance and Trust Co., Cincinnati, - - -	9 00	“ Terre Haute, - - -	803 21
Commercial Bank of Cincinnati, - - -	176 91		6,955 57
Commissioners of Canal Fund, 107,919 59		Bank of Kentucky, - - -	6,603 62
State Bonds, - - -	19,000 00	Phoenix Bank New York, - - -	326 66
		Merchant's Bank New York, - - -	1,762 46
		New Orleans Canal and Banking Company, - - -	1 92

State bank,	-	-	-	\$528 00	127,447 59	Exchange Bank, Pittsburgh,	897 76
CASH, viz:						North Western Bank Virginia,	514 49
Other Branches of State Bank						Merch. & Mech's Bank Wheeling,	138 60
of Indiana,	-	-	-	1,427 00		Farmers' & Mech's B'k Steubenville,	247 08
Other State banks,	-	-	-	565 00		Lafayette Bank, Cincinnati,	283 13
Gold,	-	-	-	1,758 57		Union Bank Tennessee,	248 00
Silver,	-	-	-	65,706 93	69,457 50	American Exchange Bank,	42 97
						Branch Bank Hopkinsville.	638 00
							11,704 69
						Individual deposits,	25,020 93
						Circulation,	189,186 00
							214,206 93
							\$461,259 41

JOHN DOUGLASS, *Cashier.*

EVANSVILLE BRANCH BANK, }
 November 25th, 1841. }

The board of Directors of the Evansville Branch of the State Bank of Indiana, beg leave to report to the General Assembly of Indiana, that the enclosed exhibits a statement of the condition of the said branch, as the same was found on the 20th day of November, 1841, and contains all the items required to be reported upon by the 65th section of the charter of said Bank, with the exception of the number of officers in this branch, and the amount of compensation to each, which are as follows:

John Mitchell, President,	-	-	-	No salary.
John Douglass, Cashier,	-	-	-	\$1,200 per annum.
Horace Dunham, Clerk,	-	-	-	600 " "

All which is respectfully submitted.

JOHN MITCHELL, *President.*
 JOHN DOUGLASS, *Cashier.*

BRANCH AT BEDFORD OF THE STATE BANK OF INDIANA, }
December 2d, 1841. }

To the Hon. SAMUEL HALL,

President of the Senate, &c.

SIR—I herewith transmit you the annual report of this institution, showing its condition on Saturday the 20th ultimo, at 2 o'clock, P. M.

Very respectfully,
D. R. DUNIHUE, *Cashier.*

The officers of this Branch are as follows:

William McLane, President, salary	-	-	Not fixed.
Daniel R. Dunihue, Cashier, “	-	-	“
Isaac Rector, Clerk, “	-	-	“

The real estate held by this branch has been regularly offered for sale according to law.

D. R. DUNIHUE, *Cashier.*

Dec. 2d, 1841.

Dr. State of the Branch at Bedford of the State Bank of Indiana, on Saturday November 20th, 1841. Cr.

Bills discounted,	-	\$128,396 16	Capital stock paid in,	-	\$174,300 00
Bills of Exchange,	-	52,836 46	Discount,	-	694 20
			Exchange,	-	276 55
Suspended debt on personal security,	-	47,828 08	Premium,	-	1,050 06
Suspended debt on bills,	-	13,925 05	Interest,	-	59 90
" " on bonds and mortgages,	-	2,026 50	Treasurer of State,	-	2,080 71
			Commissioners of the Sinking fund,	-	145 86
Banking House of State Bank,			do on acct. Surplus		
Other real estate,	-	1,841 80	Revenue,	-	41 40
Banking house of this Branch,	-	1,466 41	Fund Comr's of Indiana on act. of		
Furniture and fixtures,	-	1,572 88	Surplus Revenue,	-	250 25
			Surplus fund,	-	14,993 61
Current expense,	-	142 00	Permanent [school] fund,	-	653 63
Protest,	-	135 45	Unclaimed dividends,	-	2,948 11
					22,422 57
Due from other Branches, viz:			Dues to other branches, viz:		
From the Branch at Indianapolis,			Branch at Richmond,	-	100 00
Madison,	407 99		" New Albany,	-	175 32
Evansville,	760 82				275 32
Vincennes,	75 00		Due to other Banks, viz:		
Terre Haute,	922 15		Bank of Kentucky,	-	208 75
Lafayette,	373 40		Suspended interest,	-	2,551 12
	266 33		Suspended tax,	-	217 87
		2,805 69			2,768 99

Notes payable on demand, 184,950 00
 Individual deposits, - 9,088 98
 _____ 194,038 98

Due from other Banks, viz:		
From the Bank of Louisville,	2 50	
“ “ Louisville Savings Institution,	- 1,938 90	
From the Commercial Bank of N. Orleans,	- 342 75	
From the Merchant's Bank of the City of N. York,	- 219 34	
From the Com'r'l Bank Pennsylvania, at Philadelphia,	- 394 73	2,898 22
Fund Comr's of Indiana,	- 22,877 33	
Remittance to Louisville,	- 2,905 00	25,782 33
CASH, viz:		
Notes of other branches of the State Bank of Indiana,	- 28,430 00	
Notes of other State Banks,	6,412 00	
Indiana Treasury Notes,	3,165 00	
Silver,	- 58,550 45	
Gold,	- 17,887 18	
Cents,	- 5 50	114,450 13
		<u>\$396 241 18</u>

\$396,241 18

D. R. DUNIHUE, *Cashier.*

[illegible]

D. DEMING, *President.*
A. B. FONTAIN, *Cashier.*

OFFICERS IN THIS BRANCH AND THEIR PAY PER
ANNUM.

Demas Deming, President,	-	-	-	-	\$700.
Aaron B. Fontaine, Cashier,	-	-	-	-	1,000.
Nathan'l Preston, Clerk,	-	-	-	-	500.

NOTE.—The “State Scrip” was received *on a Canal estimate* held by us in the spring of 1840; this is the only sum of that paper we have ever received.

A. B. FONTAINE, Cashier.

Notes discounted, (prompt notes included in this amount \$14,697,) - - - - -	\$196,256 72		Capital stock paid in, - - -	\$246,650 00
Domestic bills of Exchange, - - - - -	44,518 04	240,775 06	Discount, - - - - -	504 22
Suspended debt on personal security, - - - - -	19,152 69		Premium, - - - - -	71 32
Suspended debt on personal security in suit on notes, - - - - -	44,718 76		Profit and loss, - - - - -	10,102 78
Suspended debt on bills, - - - - -	5,000 00		School fund, - - - - -	674 88
“ “ on personal security in suit on bills, - - - - -	3,731 51	72,602 96	Surplus fund, - - - - -	23,818 35
Banking house, - - - - -	12,573 70		Com'r's Sinking fund on act. Surplus Revenue, - - - - -	90 00
State Banking house, - - - - -	1,841 80		Unclaimed dividends, - - - - -	1,547 83
Other real estate, - - - - -	10,047 40		Certificates of deposit, - - - - -	4,160 09
Furniture, - - - - -	617 34		Geo. H. Dunn, Treasurer, - - - - -	282 38
Current expense, - - - - -	57 12		Suspended interest acct., - - - - -	26,706 34
Protest account, - - - - -	198 09			67,953 19
Deposites in and dues from other branches and Banks, viz:			Deposites by and dues to other branches and Banks, viz:	
Branch at Terre Haute, - - - - -	626 37		Branch at Indianapolis, - - - - -	415 89
Fort Wayne, - - - - -	18 89		Lawrenceburgh, - - - - -	174 85
Commercial Bank, Cincinnati, - - - - -	5,208 26	645 26	Richmond, - - - - -	230 00
			Madison, - - - - -	3,236 38
			New Albany, - - - - -	349 14
			Evansville, - - - - -	67 70
			Vincennes, - - - - -	913 52
			Bedford, - - - - -	195 93
			South Bend, - - - - -	100 01
			Morris Canal and Banking Co., - - - - -	48 26
				5,683 42

OFFICERS.

Joseph S. Hanna, President,	-	-	-	-	
Cyrus Ball, Cashier, salary	-	-	-	-	\$800.
A. P. Linn, Teller, “	-	-	-	-	800.
Geo. H. Harris, Clerk,	-	-	-	-	Conting.

The real estate owned by this branch other than that used for banking purposes, valued as above, has been regularly offered for sale according to the provisions of the charter.

BRANCH BANK, }
 Vincennes, Nov. 24, 1841. }

To the Hon. the President of the Senate of Indiana:

The board of Directors of the Branch at Vincennes of the State Bank of Indiana, respectfully submit to you the annexed statement, showing the condition of this institution on the 20th inst., agreeably to the 65th section of the charter, together with a list of its officers and their salaries.

For the directors,

D. S. BONNER, *President*.

Officers and their salaries:

D. S. Bonner, President,	-	-	-	No salary.
John Ross, Cashier,	-	-	-	\$1,500 per annum.
Geo. W. Rathbone, Clerk,	-	-	-	600 " "

To the Hon. the President of the Senate, of the State of Indiana:

The following is respectfully submitted as the condition of the Branch at Fort Wayne of the State Bank of Indiana, on the third Saturday of November, 1841.

The real estate owned by this branch, other than that which is "required for its immediate accommodation in the convenient transaction of its business," was taken to satisfy a debt due the branch, has been duly offered at public sale, according to the charter, and not sold for want of bidders.

OFFICERS.

Samuel Hanna, President, salary	-	-	\$400	per annum.
H. McCulloch, Cashier, " "	-	-	1,200	" "
M. W. Hubbell, Teller,	-	-	850	" "

Dr. Condition of the Branch at Fort Wayne of the State Bank of Indiana, on the 3d Saturday of November, 1841. Cr.

Notes discounted,	-	-	196,494	50
" Prompt,	-	-	50,929	93
Bills of Exchange,	-	-	28,207	05
Suspended debt,	-	-	15,594	35
Banking house and lots of this br.,				
" " of State bank,				
Other real estate,	-	-		
Furniture and fixtures,	-	-		
Protest account,	-	-		
Current expense,	-	-		
Due from Fund Com'rs,	-	-		
" Other branches,	-	-		
" Banks of other States,	-	-		
Interest account,	-	-		
Bank stock,	-	-		
Land certificates,	-	-		
CASH, viz:				
Remittance to New York,			10,445	54
Certificates, &c.,	-	-	216	78
Indiana Treasury Notes,	-	-	7,079	00
Notes of other branches,	-	-	8,446	00
" Banks of other States,	-	-	22,871	00
Gold and Silver,	-	-	99,977	07
			<hr/>	
			149,035	39
			<hr/>	
			\$524,081	16

Dr. *State of the Branch at South Bend of the State Bank of Indiana, on November 20, 1841.* *Cr.*

Bills discounted,	-	151,797 64	Capital stock,	-	-	112,141 62
Bills of Exchange,	-	20,910 89	Discount,	-	-	155 05
Suspended debt,	-	40,873 60	Premium,	-	-	162 19
			Interest,	-	-	12 74
Banking House, (lot, and new banking house nearly com- pleted,) - - -		213,582 13	Suspended discount,	-	-	329 98
State banking house, - -		11,173 13	School fund,	-	-	1,500 00
Other real estate, (so much has been advertised for sale as has been one year in posses- sion of Bank,) - - -		1,841 80	Surplus fund,	-	-	400 00
Furniture, - - -			Unclaimed dividend,	-	-	18,724 57
Current expense, - - -		6,000 00	Fund Commissioners,	-	-	422 11
Protest, - - -		501 21				3 29
		31 75	Due to other Branches:			325 40
		116 85	Branch at Indianapolis	-	-	348 37
Due from other Branches:			Due to other Banks:			1 50
Branch at Madison,	-		Seneca County Bank,	-	-	205,873 00
Terre Haute,	-	19,664 74	Circulation,	-	-	
Vincennes,	-	2,332 52	Individual depositors,	-	-	13,919 17
Lafayette,	-	139 00	Certificates issued,	-	-	3,361 14
Fort Wayne,	-	30 00				17,280 31
Michigan City,	-	98 26				
		61 00				
		764 90				
Due from other Banks:		3,425 68				
Bank of Michigan,	-					
		69				

Bank of Constantine, - -	3 25	
" Buffalo, - -	145 29	
Br. of Farmers' & Mech. Bank, St. Joseph, - -	2 32	
City Bank, New York, - -	336 25	
Bank Rockester, - -	43 09	
Remittance, - -	20 00	1,051 39
State bonds, - -	11,000 00	
State scrip, - -	195 00	11,195 00
CASH, viz:		
Other branch paper, - -	26,264 00	
" Bank paper, - -	3,704 00	29,968 00
SPECIE:		
Silver, - -	77,601 38	
Gold, - -	536 43	78,137 81
		<u>\$357,024 75</u>

\$357,024 75
H. CHAPIN, *Cashier.*

OFFICERS OF THIS BRANCH WITH THEIR SALARIES:

President,	-	-	-	-	-	-	-	No salary.
Cashier, salary,	-	-	-	-	-	-	-	\$1,200.
Teller, " "	-	-	-	-	-	-	-	900.

Rent paid for banking house per annum, \$275.

Dr. *State of the Branch at Michigan City of the State Bank of Indiana, on November 20th, 1841.* Cr.

Notes discounted,	-	-	\$95,581 36	Capital stock paid in,	-	-	-	\$ 157,450 00
Bills of exchange,	-	-	129,194 61	Notes issued,	-	-	-	297,000 00
Suspended debt on personal security,	-	-	33,478 68	Surplus fund,	-	-	-	12,274 83
Banking house,	-	-	1,111 00	Indiana State Fund Commissioners,	-	-	5,394 49	
“ for State Bank,	-	-	1,841 80	Sinking fund commissioners,	-	-	135 00	
Other real estate,	-	-	11,588 79	Surplus Revenue fund “	-	-	45 00	
Indiana State six per cent. bonds,	-	-		School fund,	-	-		5,574 49
Furniture and fixtures,	-	-		Unclaimed dividend,	-	-		600 00
Due from other Branches, viz:	-	-		Suspended items,	-	-		1,923 51
Branch at Lawrenceburgh,	-	-	683 20	Certificates of deposit,	-	-	1,228 00	1,283 16
Madison,	-	-	67 76	Individual deposits,	-	-	8,381 75	
Vincennes,	-	-	1,190 00	Due to other Branches, viz:	-	-		9,609 75
Terre Haute,	-	-	100 18	Branch at Indianapolis,	-	-	2 00	
Fort Wayne,	-	-	1,981 12	New Albany,	-	-	4 78	
South Bend,	-	-	1,123 85	Due to other Banks, viz:	-	-		6 78
CASH, viz:	-	-	5,146 11	Girard Bank, Philadelphia,	-	-	10 00	
Silver,	-	-	82,802 93	Commercial Bank, Cincinnati,	-	-	2 00	
Gold,	-	-	1,087 96	American Exchange Bank, New York,	-	-	785 50	
Notes of this Branch,	-	-	56,158 00	Geo. Smith & Co., Chicago,	-	-	2,530 87	
“ other Branches,	-	-	58,365 00	Interest Surplus Revenue of Porter county,	-	-		3,328 37
“ other State Banks,	-	-	671 00		-	-		28 50

OFFICERS.

Jos. Orr, President, salary,	-	-	-	-	\$500 per year.
A. P. Andrew. Jr., Cashier, salary,	-	-	-	-	1,400 " "
Sam'l Gordon. Jr. Teller,	"	-	-	-	600 " "
John B. Niles, Attorney,	"	-	-	-	100 " "

REPORT

OF THE

INVESTIGATING COMMITTEE,

Appointed by the House of Representatives,

TO "INVESTIGATE THE TRANSACTIONS OF THE

DIFFERENT AGENTS OF THE STATE."

INDIANAPOLIS:

DOWLING AND COLE, STATE PRINTERS.

1841.



REPORT.

SATURDAY, DEC. 11th, 1841.
5 o'clock, P. M.

The committee of the House of Representatives "Appointed to investigate the transactions of the different agents of the State," met in committee room, and proceeded to the election of Clerk, whereupon James H. Elliott having received the unanimous vote of the committee, was declared elected.

Committee adjourned to meet in the Hall of Representatives on Tuesday evening at 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES, Dec. 14th, 1841.
Tuesday evening, 6 o'clock, P. M.

Committee of Investigation met pursuant to adjournment and proceeded to business.

Present—

Messrs. Hannegan, Chairman, Brown of Dearborn, Brown of Marion, Cooper, Defrees, Davis, Ritchey and Simonson.

Absent—

Mr. Marshall.

On motion;

Resolved, That on all questions where there are adverse opinions, the manner of voting shall be by ayes and noes.

Isaac Coe appeared, and after being sworn, the subjoined interrogatories were propounded to him, to which he replied as follows:

Interrogatory No. 1, by Mr. Hannegan.

Did you at any time act as Secretary to the Board of Fund Commissioners?

Reply No. 1.

I did for some time before I was a commissioner, and nearly two years after my appointment.

Interrogatory No. 2, by Mr. Hannegan.

What was the course pursued by the commissioners of the State whilst you were acting as Secretary to the Board, in relation to the funds of the State? Were any of the members in the habit of appropriating the State funds to their own use, or for their own accommodation—to what amount, and who were the persons so using?

Reply No. 2.

The course pursued by the Board whilst I was Secretary, and before I was a commissioner, was as nearly as I recollect, that an agent for the Board was appointed to make the payments on the Wabash and Erie Canal, the only work then in course of construction, that he was from time to time furnished with funds by the different members of the Board—1st, from funds arising in the State from sales of land, or money on hand—and 2d, from sales of drafts of members of the Board on the Merchant's Bank of New York, where the proceeds of the sales of the bonds were deposited. These drafts, (except some very small drafts,) I find by reference to the books were, as far as I noticed, sold at a premium of a half per cent. by the members of the Board, and the premium placed to the credit of the canal fund. In these operations, as it was uncertain what amount would be required for monthly payments, there were sometimes sums in the hands of the commissioners, but never, as far as I know, to any amount, or retained so long as to be used for any purpose, except perhaps in the case of Mr. Linton, who had a balance in his hands when I first became Secretary, of about \$11,000—for \$10,500 of which he gave a draft in favor of the Board on Mr. Ball of Lafayette, as soon as the balance was ascertained, at I believe my suggestion, which he observed he was glad I had made. The balance, about \$500, was retained as he stated, for his expenses and per diem, being about to start East. This balance arose, I think in part, from funds which had been loaned out for the State by law at Terre Haute, and collected by him, and part for drafts sold to procure funds for the works, there having been at that time no bank in the State in which deposits could be made. How long they were in his hands, I cannot now say—it may be ascertained by reference to the books.

There was also, after his death, found a draft for somewhere about \$3,300 which he had drawn on the fund in New York in the fall, at ninety days, in favor of a House in New York. But whether he intended thus to procure funds for the canal, or himself to pay the drafts, is not known, the draft not having become due till after his death.

Col. Spencer, the agent of the Board of Fund Commissioners, was also found to have about \$7,000 of the money of the State in his hands

when I first became Secretary. He was sent for, and I made a settlement with him; and as he could not pay it, the Board gave time, on his giving security, say from six to nine months, and the debt and interest were all paid to the State.

In stating the case of Mr. Linton's draft, I neglected to mention in its place, that his administrators or executors were notified as soon as it came to the knowledge of the Board, and the other small balance due from him was paid with interest and a half per cent. premium for exchange.

I recollect of no other persons, during the time of my being Secretary, who had any of the public money in their hands, or appropriated it other than as above stated. Messrs. Sullivan and McCarty, on the semi-annual settlements, sometimes had small balances against them, and sometimes in their favor, so as I believe generally about to balance each other, and not often over \$100 either way. Mr. McCarty, who after I became Secretary, provided most of the funds by selling drafts, was I recollect extremely scrupulous to keep no money in his hands. All these transactions appear on the books of the Fund Commissioners, but having only partially examined them, I may be incorrect in some particulars; if so, they can readily be corrected by inspection of the books.

Interrogatory No. 3, by Mr. Hannegan.

Were the commissioners at any time whilst you were associated with them as Secretary to, or a member of the Board, in the habit of hypothecating bonds? and if so, for what purpose?

Reply No. 3.

While I was a commissioner, or acted as Secretary, no Indiana State bonds were to my knowledge or belief hypothecated for any purpose by any member of the Board, or any other person, while they remained the property of the State.

Interrogatory No. 4, by Mr. Hannegan.

Have you acted in the capacity of Fund Commissioner on behalf of the State of Indiana? How long did you act in such capacity, and who were associated with you?

Reply No. 4.

I acted as Fund Commissioner from about the first of March, 1836, to the 1st of March, 1839—about three years. My colleagues were Jeremiah Sullivan, Samuel Hanna, Caleb B. Smith, and James Farrington.

Interrogatory No. 5, by Mr. Hannegan.

Were any moneys belonging to the State of Indiana at any time advanced to support the credit, or in any manner to aid any banking institution or other corporation or individual? Were the fund commissioners or other agents of the State in the habit of receiving any gifts or presents from banks, brokers, or others with whom they were in the habit of transacting business on behalf of the State? Have you heard any of them speak of presents so made them?

Reply No. 5.

I know of no money belonging to the State of Indiana at any time advanced to aid any banking institution or support the credit of any bank or other corporation while I was a commissioner, unless a loan of \$52,000 of property received in the compromise with the ——— made to the Staten Island Whaling company, secured by bond and mortgage, and made by all the commissioners at the time, and on the condition of renting it and intended to enable the company to carry it on, be considered as such.

I know of no banks, brokers, or others having made any gifts or presents to any fund commissioner or other agent of the State, except some few instances where members in their individual capacity have received small presents from their friends or others on whom they had conferred favors, but in no case that I recollect did this take place from those with whom the fund commissioners had any dealings for the State.

I have heard Gen. Stapp, I think, speak of receiving a pencil from one man, and a cane from another to whom he had previously presented one; and I think Judge Hanna mentioned having received a present of a piece of pocket handkerchiefs from a merchant with whom he was dealing; one of which he presented to me. And I once while commissioner, received a present of a piece of pocket handkerchiefs from a gentleman for whom I had prescribed, who was partner in an establishment when they were presented. I now recollect no other cases.

Interrogatory No. 6, by Mr. Cooper.

Did you ever know any of the fund commissioners or agents of the State at any time to pledge any of the State bonds to any person or persons for their own private interest, or for the purpose of getting accommodation for themselves?

Reply No. 6.

I have never known of any such case.

Interrogatory No. 7, by Mr. Defrees.

Where did the Col. Spencer you mentioned in your answer to the second question, reside at the time he retained in his possession funds belonging to the State, and under what circumstances did he obtain possession of such funds, and how long did he keep them in possession after their receipt until final settlement?

Reply No. 7.

Col. Spencer, I understood, resided at Fort Wayne while agent for the fund commissioners, and was, I believe, Receiver of the Land office. They were paid to him, as I understood, by the fund commissioners as their agent to make payment on the line of the Wabash and Erie Canal; for the faithful discharge of which agency he had given bond with security. I am not now able to say without reference to books, how long he retained the money, but am under the impression that it was from eighteen months to two years.

Interrogatory No. 8, by Mr. Hannegan.

Have you, acting on behalf of the State of Indiana, or any other commissioner to your knowledge at any time loaned to any company or institution the funds of the State? By what authority was the loan made?

Reply No. 8.

I have not, while acting on behalf of the State of Indiana, loaned to any company or institution the funds of the State, except in the case of the Staten Island whaling company, named in my reply to the fifth question, as the condition of renting the factory. This was done by the unanimous concurrence of all the board, all being present, and it was done under the provisions of the act giving authority to compromise the debt with the Cohens and Josephs, which gave full power as was believed, to dispose of the property so received for the benefit of the State, and it was believed it could no more profitably be used than to make productive and saleable, and keep from dilapidation a property so valuable.

Interrogatories Nos. 9, 10 and 11, by Mr. Hannegan—12 by Mr. Defrees—13, by Mr. Cooper—and 14 by Mr. Ritchey.

Were then propounded to witness, who replied that as he could not answer them without reference to the books, &c., he would ask leave of the committee to carry them home and hand in his replies at some subsequent meeting of the committee.—Permission granted.

Interrogatory No. 15, by Mr. W. J. Brown.

Is there any thing in the form, numbers, or registry of those bonds sold on credit, and for which no payment or only partial payment has been received, to distinguish them from the bonds sold, for which full consideration has been received?

Reply No. 15.

All the bonds sold while I was commissioner, were regularly numbered and registered, and the parties to whom they were sold; and those sales on account of which no payment, or only partial payment has been made, can be distinguished from those paid for in full. In case of one thousand bonds sent to Europe, which were by Rothschilds thought to be incorrect and others furnished in their room, all as I understood but six, have been returned. These can be distinguished by their form. The three hundred last exchanged for them was done after I ceased to be commissioner. Whether their numbers can be ascertained, I am not certain.

Interrogatory No. 16, by Mr. E. A. Brown.

Is there any thing whereby a subsequent purchaser of the bonds might distinguish those on which the full amount had been paid to the fund commissioners, from those on which no payment, or only partial payment had been made to them, without such purchasers should resort to the records or register of the said commissioners?

Reply No. 16.

There is nothing of the kind accompanying the bonds or in them, whereby they can be distinguished by a person who does not know the numbers as entered on the register.

Committee adjourned until Wednesday evening, at 6 o'clock, P.M.

HALL OF THE HOUSE OF REPRESENTATIVES,
Wednesday evening, Dec. 15, 1841, 6 o'clock, P.M.

Committee of investigation met agreeably to adjournment, in the Hall of the House of Representatives, and proceeded to business.

Present, Messrs. Hannegan, (Chairman,) Brown of D., Brown of M., Cooper, Davis, Ritchey, and Simonson.

Absent, Messrs. Defrees and Marshall.

Mr. W. J. Brown laid before the committee a communication from Noah Noble, stating that indisposition prevented him from appearing before the committee.

The Chairman presented a communication from Isaac Coe, requesting the return of interrogatory No. 2, and his reply to the same—the latter for correction.

Whereupon the clerk was instructed to furnish Dr. Coe with copies of said question and answer.

On motion, committee adjourned until Thursday evening, at six o'clock, P. M.

THURSDAY EVENING, DEC. 16, 1841.

Committee of investigation met agreeably to adjournment.

Present, Messrs. Hannegan, Brown of M., Cooper, Davis, Defrees, Marshall, and Ritchey.

Absent, Messrs. Brown of D., and Simonson.

On motion of Mr. Defrees, committee adjourned.

THURSDAY EVENING, DEC. 23, 1841.
6 o'clock, P. M.

Committee of investigation met pursuant to adjournment, in committee room of the House of Representatives.

Present, Messrs. Hannegan, (Chairman,) Brown of D., Brown of M., Cooper, Davis, and Ritchey.

Absent, Messrs. Defrees, Marshall, and Simonson.

Witness, Isaac Coe, submitted his answer to interrogatories previously propounded, to-wit:

Interrogatory No. 9, by Mr. Hannegan.

Did you not advance money on the bonds of the State, to the Pontiac Railroad Company, or some other company in the State of Michigan? If so, to what amount? If you did not, do you know of any such advances having been made by any other agent of the State?

Reply No. 9.

Sometime in October, 1838, Alfred Williams, of Michigan, applied to me, then in New York, to purchase \$100,000 of State bonds for the Pontiac Railroad on credit, and gave me several respectable references for his standing and character, of whom I now only recollect Alderman Benson. Not being personally acquainted with the persons referred to, I made inquiry through some other person, I think the then counsel for the State, and received assurances that he was a man of integrity, and supposed to be worth \$100,000. He proposed to give for the stock, the bonds of the Pontiac Railroad, indorsed by the Pontiac Bank, and a bank then in good standing in Buffalo, and also his own indorsement; and stipulating that the bonds should be a lien on the Pontiac Railroad, which he said was free from

incumbrance. I was the better pleased with the security of the Pontiac Bank, at that time, from learning that it had not suspended specie payments when the other banks did, in 1837.

Believing the security good, and that the sale of five per cent. dollar bonds at par, would be a good one for the State, and not then having been able, that season, to effect sales to any extent, a contract was made, and \$100,000 of State bonds deposited with the Morris Canal & Banking Comp., to deliver to the order of the counsel then acting for the State, after he had received the bonds of the parties with security, which was completed, and the bonds delivered, while I was absent on my return to Indiana. The bonds taken, did not fall due till I went out of office. And only \$10,000, I understand, has been paid. But for the failure of a bill, for want of time, in the Michigan legislature, I understood the debt would have been paid when due. The bill had, as I am informed, passed one branch of the legislature, and had passed to a third reading in the other, by majority, on the last day of the session, and for want of a two-thirds majority, to suspend the rules and let it pass that day, it failed.

That bill provided for the purchase of the road by the State, at something over 200,000 dollars; \$100,000 to be paid immediately to the company by the State, and this was intended to pay Indiana. I have since learned that the State of Michigan had a previous mortgage on the railroad, and individual lands, worth \$200,000 to secure 100,000 dollars. Should the State be compelled first to sell the individual lands, the railroad which cost, I am told, from 2 to 300,000 dollars, may probably pay the debt to Indiana; or perhaps the State of Michigan may yet take the Railroad, and furnish funds to pay Indiana, as it lies, I am told, in a commanding situation.

P. S. Mr. Williams had the option of giving as indorser, either the City Bank of Buffalo, or the Merchants Exchange Bank of that place. I think the latter was given.

Interrogatory No. 10, by Mr. Hannegan.

Was the Staten Island Whaling Company in the exercise of banking privileges? Were you a director in that institution? If so, by what authority? To whom were the notes made payable?

Reply.

The Staten Island Whaling Company was not in the exercise of banking privileges. But the Staten Bank, a distinct and separate institution was, and the Whaling Company held stock in the bank. I was at one time a director; and became so by the appointment of the board, to fill a vacancy. The reason of my appointment was, that one sale of State bonds to the Staten Island Whaling Company, \$60,000 of stock in the bank, then considered worth par, was transferred to the State of Indiana as collateral security; and it was suggested that I should become a director, to which I assented, that I might better guard the interests of the State. And 15,000 dollars of

the stock was transferred in my name, and the balance in the name of the State. That placed in my name I transferred to my successors, or the State, (I now do not recollect which,) after going out of office.

At that time the bank had a capital of about \$140,000, all paid in in cash, State stocks, and bonds and mortgages, and was clear of debt, except, perhaps, a small sum for printing bills.

The bills, as in other banks, were made payable to different persons. Some were made payable to me, I think without my previous knowledge. But lest my having been a director may be misinterpreted, I take occasion to say, I never borrowed a dollar of the bank while such director, or at any other time.

Interrogatory No. 12, by Mr. Cooper.

What amount of State bonds did you dispose of as fund commissioner, and to whom? and what amount of money did you receive at the time of such sales? And, also, what amount remained unpaid at the time you delivered the bonds to the purchasers?

Reply.

While commissioner, I negotiated the sale of the following amount of State bonds, to-wit:

	Received on delivery of bonds.	Unpaid on delivery of bonds.
To the Secretary of War, to amount		
2,934 dollars 50 cents, - - -	\$2,934 50	
To Christmas, Livingston & Company, 30,000 dollars, - - -	30,000	
To Morris Canal and Banking Company, 1,049,290 dollars, - - -	- - -	\$1,049,290
To Morris Canal and Banking Company, 1,180,000 dollars, - - -	- - -	1,180,000
To Morris Canal and Banking Company, 360,000 dollars, - - -	- - -	360,000
To Morris Canal and Banking Company, 800,000 dollars, - - -	- - -	800,000
To Staten Island Whaling Company, 60,000 dollars, - - -	- - -	60,000
To Erie County Bank, 100,000 dollars, - - -	- - -	100,000
To Pontiac Railroad, 100,000 dollars, - - -	- - -	100,000
Am't. sales by myself, \$3,682,224 50.		
	<hr/> \$32,934 50	<hr/> \$3,649,290
By myself and others—		
To Cohens, 500,000 dollars, - - -	- - -	500,000
To Morris Canal and Banking Company, 2,034,000 dollars, - - -	- - -	2,034,000
To Staten Island Whaling Company, 40,000 dollars, - - -	- - -	40,000

To Western Bank of New York,	
300,000 dollars,	300,000
Total sale of State stock while I was	
commissioner, \$6,556,224 50.	
	<hr/>
	\$32,934 50
	<hr/>
	\$6,523,290

Of which there has since been paid, \$5,602,666 48 ; nearly as much as the bonds could have been sold for in cash, at the time of sale, and probably much more with the securities.

Interrogatory No. 13, by Mr. Ritchey.

Have you examined what is stated in the last report of Noah Noble in relation to the "Western Bank of New York," pages 33 and 34, and what is stated in relation to the Pontiac railroad, page 35, and if so, are the statements correct?

Reply.

The terms of the sale to the Western Bank of New York are in general correctly stated, as to any fraud either in the appraisement of the property or in excluding the mills, I have no knowledge except from Gov. Noble's report.

The high character the parties contracting with us then sustained, would not have led us to suspect anything of the kind, and particular pains were taken to enquire their character of distinguished men who were personally acquainted with them; such as Gov. Seward, I think Mr. Hoyt, collector, and others.

Besides the security of the bank, the Georgia Lumber Company and the mortgage on 306,000 acres of land, then appraised to be worth say \$1,400,000, the individual stockholders in the Georgia Lumber Company were in their individual capacity liable for all the debts of the company. Of these, a list was furnished us of thirty or forty stockholders, some of whom were then reputed to be very wealthy, as Evans of Batavia, said to be worth 1,000,000 of dollars; Schermerhorn, president of one of the Rochester banks, said to be worth from two to three hundred thousand dollars, both of whom, in the pressure of the times, have failed; but it is presumed there are others remaining who possess considerable property, and are liable.

Respecting the facts of the sale to the Pontiac Railroad Company, see my reply to question ninth.

Other interrogatories being then propounded, witness stated that he was unable to answer them without reference to documents, and therefore requested until the next meeting of the committee to prepare his answers. (Leave granted.)

James Farrington was then sworn, and questions numbers one, three, four by Mr. Hannegan; two, seven, eight, nine, eleven by Mr. Ritchey; five, and ten by Mr. Brown of M., and six by Mr. Davis, were then propounded, and time given him to prepare his replies.

FRIDAY EVENING, Dec. 24, 1841,
6 o'clock, P. M.

Committee met pursuant to adjournment, but for want of a quorum adjourned until to-morrow morning, at half-past nine o'clock.

HALL OF THE HOUSE OF REPRESENTATIVES,
Saturday, Dec. 25, half-past 9 o'clock, A. M.

Committee of Investigation met pursuant to adjournment.

Present, Messrs. Brown of D., Brown of M., Davis, Defrees, Marshall, Simonson and Mr. Chairman.

Absent, Messrs. Cooper and Ritchey.

Isaac Coe then read to the committee his replies to interrogatories heretofore propounded, to wit:

Interrogatory No. 17, by Mr. Brown of M.

Did you ever transfer to the Staten Island Whaling Company any Winchester and Potomac Railroad bonds?

Did you make any profit to yourself as an individual in your negotiation with the Staten Island Whaling Company, in which you transferred some Winchester and Potomac Railroad Company bonds, as above stated?

Reply:

When the Board of Fund Commissioners met in New York in July 1838, I being the only commissioner remaining in office of those who had negotiated the loan with the Cohens, and also having had the principal charge of the compromise, I was probably more anxious than any other member to make the property received, productive to the State, and on that account was very desirous that the sperm factory received of the Josephs, then lying idle, should be rented to a good tenant, and made productive as well as more saleable. There were also, other reasons for renting it. The Josephs had paid, as I understood, \$100 a year to a man to have the oversight of it while idle, and one of the men so employed had committed depredations on the fixtures and other machinery to its damage to the amount of \$1500, and the same thing might again happen if left unoccupied.

After some inquiry, no other tenant offered to take it but the Staten Island Whaling company; and from the respectable character of the persons composing the company, the experience of their superintendent, and his formerly having had charge of the same factory, I had

no hope of finding any other tenant as good. This company however stated that having already one factory of their own then in operation, and a whaling ship at sea, they would be unable to carry it on unless the State would furnish a portion of the funds for that purpose, either as a partner, or on a long loan, and that if the State did not so do, they could not rent the factory. Knowing no other opportunity of renting the factory, I was exceedingly desirous to devise some way by which it could be effected. We were not authorized to make the State a partner.

The State bonds which they offered to take, my colleagues (and probably justly, although I then thought differently) thought we had no authority to dispose of on a long loan, as they were appropriated to the public works. The only other property which was at the disposal of the fund commissioners was that received of the Josephs and Cohens in compromise, which the Board believed they had full authority by law to dispose of in such manner as should be most advantageous for the interests of the State, and there was none of this property of sufficient amount that could be used for that purpose except the bonds of the Potomac and Winchester Railroad then past due, and which as yet we had been unable to collect, although I had been twice to Virginia for that purpose.

These bonds, the company being unacquainted with them, refused to take, and I saw no other way of completing the contract, which I judged exceedingly important for the State, than by individually undertaking to procure Indiana or Virginia State bonds at par for the Winchester and Potomac Railroad bonds, and this included considerable risk on my part. The bonds had no selling value in the New York market, being unknown.

In Winchester I should suppose (without knowing the fact to be so) they could probably have been cashed at a discount of 10 per cent, and premium at not less, as the company was, I understood, considerably indebted, and only expected means of payment from Virginia State bonds, to which they were entitled by law, but were yet unable to get; and I think these bonds when obtained would have been insufficient to have paid their whole debt, although of this fact, I am not now certain.

Our own State bonds had never been sold below par, and if I obtained them, I expected to pay par for them to the State, and could in so doing have made nothing, had I been successful in collecting the Potomac bonds.

But had I not been able to collect them before my return home, it was my intention to sell them and convert the funds into Virginia stocks on the best terms that I could, and in that case should doubtless have suffered loss, while the only probable chance I then saw of any profit, was if collected seasonably, of investing it in Virginia stock at less than par, or getting Virginia stock of the company for less than par, as I think Virginia stocks were about one or two per cent. below Indiana stocks in the New York market; and had I so done, I believed I would most justly be entitled to any profit that arose

as I would have been subjected to any loss which might have been suffered, of which there was at least as much probability as of profit, and the profit, if any made, would have been on the property of the Staten Island Whaling company, and not that of the State, as the whaling company and others had given their bonds secured by mortgage to the State for these Potomac and Winchester bonds, which were therefore entirely thenceforth the property of the Whaling company. And that this loan was not made with a view to any eventual individual profit to myself, the circumstances of the case render sufficiently evident, and as my colleagues, I presume, sufficiently know; and this is made more so from the fact that it was my wish to give the company our State bonds instead of these, which would have relieved me from the necessity of taking any individual responsibility to effect the renting of the factory.

I realized par for these bonds except a small discount on Baltimore funds, and some discount over interest on an acceptance on time. The commissioners obtained par for them in bonds and mortgages, being 6 per cent. for interest on them, and then thought entirely safe.

In reply to the latter part of the question, I would state that when this investigation commenced I was under the impression that the whaling company gave me these bonds to collect without any security or without stipulation: a subsequent examination of memorandums, and taxing my recollection, has now satisfied me of the following facts:

After the execution and delivery of the mortgages, I delivered them Indiana 5 per cent. dollar bonds to the same amount as the mortgages, to hold until I furnished them others. This of course was at my own risk and responsibility, although done to complete a contract beneficial to the State, by renting the factory. And here it will be proper to answer a verbal question, viz: whether I was able at that time to make good to the State any loss which might have accrued thereby?—to which I reply that the amount of the Potomac bonds and interest was \$47,000, and I had given bonds to the State with security, to the amount of \$50,000, and that there was no reason to apprehend a greater loss than a sacrifice of 10 or 15 per cent. in turning into money or Virginia stocks.

As however there have been many representations on this subject, I think it best now to state all the dealings I ever had in stocks of this or any other State on individual account while I was fund commissioner.

Some three or four months after the renting of the factory, and before I had received payment on the Potomac and Winchester bonds, an offer was made to me of \$110,000 of Indiana 5 per cent bonds below par, and apprehending they might be offered still lower if not taken out of the market, and thereby injure our future sales for the State, I obtained the refusal of them, and the Morris Canal and Banking company being large holders of our bonds, and therefore interested in preventing a depression in price, I applied to them to take them out of the market. They however refused to purchase for cash at the price

for which they were offered, but agreed if I could make a sale of them on credit, they would, to facilitate the operation, discount the paper if the security was undoubted. Shortly after this I received an acceptance on time, on Brown of Baltimore, for the Potomac and Winchester Railroad bonds which I got discounted of the house of Brown and Brothers in New York, and purchased 50 of these bonds for the Staten Island Whaling Company, and I think exchanged them for those previously put in their possession. If not, they were substituted, being of the same denomination and value: but my present belief is, they were exchanged. There still remained 50 of the bonds offered for sale, and by dint of several negotiations, I eventually procured for them a part in cash, and the remainder in paper well secured at about six months to run, and the Morris Canal and Banking Company according to agreement discounted it; and with it, and the cash obtained, I paid for the bonds; but in doing this I now recollect that I used once, and only once, 20 state bonds as a collateral security a few days, while making the exchange necessary for the different transactions, the stock being taken in different parcels, which I felt justified in doing, it being necessary to facilitate an arrangement for taking these bonds offered for sale out of market, and much more as I believed for the interest of the State, than any individual profit I made was to myself. And had these 20 bonds been by any means lost, myself and securities would have been abundantly responsible to the State.

In replying to the questions respecting the hypothecation of State bonds, these transactions did not occur to my mind, and although they may not be considered as hypothecations, in the general usage of the term, yet as they seem somewhat to partake of that character, I feel bound to fully state them, that my answers to these questions might be modified thereby.

In these transactions I did make something individually, but without any possible prejudice to the State, as I never asked the person offering our bonds to take any less than his first offer, which I paid him, and my inducements to the negotiation were chiefly for the benefit of the State, to prevent the price of her bonds being depressed by their being hawked in market. Nor did my re-sale of them interfere with the sale of State bonds, for they were first exchanged for other property, and the greater part of that sold on credit, and all the negotiations for the sales were made before the purchase was closed and the bonds were paid for from the proceeds of their sale. And I will further state that all I made by both these transactions was afterwards vested in the Whaling Company and lost; and I can truly say that my investment in the Whaling Company was much more for the purpose of enabling it to pay its debt punctually to the State, than for the profit I expected for myself, and was chiefly made for that purpose; and could the debt of the Staten Island Whaling Company have been thereby paid to the State, I should never have regretted the loss.

(The above is a copy of my reply to Senate committee, covering more ground than the question to which this is a reply.)

Interrogatory No. 18, by Mr. Hannegan.

Do you know of the fund commissioners or any of the agents of the State dealing in exchange or the sale of funds?

Reply.

I do not, except that before I became a fund commissioner, and when payments were made through a disbursing agent, the fund commissioners sold drafts on the east to procure western funds, and credited the exchange to the State.

Interrogatory No. 19, by Mr. Hannegan.

Do you know of any of the bonds of the State having been sold or otherwise disposed of by any agent of the State, without the authority of law or the assent of his associates?

Reply.

I know of no sales having been made without, as I supposed, the authority of law while I was fund commissioner, and none by any of the board which his colleagues did not sanction. When at the east alone, I went by the authority of the board to contract loans and attend to the other business of the State.

I recollect in the summer of 1838, after Mr. Smith had returned that Mr. Farrington's opinion of the free banks was less favorable than mine, and than that of the public generally. But I did not consider myself prohibited from selling to free banks thereby. I, however, sold but to one, and that was approved by the board and has been paid for.

My chief reason for giving free banks the preference in sale of stocks, when the security was good, was that the bonds would be laid away with the comptroller, and not pressed upon the already overloaded European market.

Series of interrogatories (20) by Mr. Simonson.

Question A.

Explain the situation of the three hundred informal bonds not returned.

Answer A.

They are all stated in Gov. Noble's report to be returned, but six, whether destroyed or not, I do not know; the return has been since

I ceased to be commissioner, nor do I know who holds the other six ; they were, I understand, originally sent to Mr. Jaudon, London, and probably have been by him hypothecated.

Question B.

Were you a stockholder in the Staten Island Whaling Company? What way was the capital of that institution paid in?

Answer B.

I became a stockholder about the time the law passed legislating me out of office.

The stock was paid in, first, by a whaling ship at sea, and a sperm factory and land around it, including a dock, all estimated at \$48,000, and \$22,000 or \$23,000 in cash.

Question C.

Were not Indiana State bonds used as the principal or part of the capital of the Staten Island Company?

Answer C.

They were not considered as any part of the capital of the Whaling Company, but those paid to the bank as payments on stock of the company, formed part of the capital of the bank.

Question D.

In the transactions with the Cohens and Josephs, were you aware of the incumbrances on the property taken as security?

Answer D.

I was aware of all the incumbrances, except \$4,000, for which other property first held in equity is also liable and supposed to be ample to pay it.

Question E.

In whose hands are the three hundred informal bonds not returned?

Answer E.

All the informal bonds but six, Gov. Noble reports, are returned.—In whose hands these are, I do not know.

Question F.

On what terms did you let the State property to the Staten Island Whaling Company?

Answer F.

It was rented by the whole board, all the members being present, at \$50 00.

Question G.

What were the profits of the Staten Island Company derived from the transactions with the State of Indiana?

Answer G.

Not any profit, but very great loss.

Question H.

Were you the first commissioner who sold State bonds on time?

Answer H.

I was one of the board who made the first loan on credit. It was determined on by the whole board—Messrs. Sullivan, Hanna and myself being present. Judge Hanna, by authority of the board, settled the terms of the negotiation, and my colleagues returning home, left me to complete the contract.

Question I.

Upon what authority did you make such sales? Were any of the bonds sold under their par value? if so, state at what price. Do you know of any sale of State bonds to the United States Bank, directly or indirectly?

Answer I.

Under, as we supposed, the authority of the law, of which an explanation is given in Mr. Sweetser's report.

Five per cent. dollar bonds were sold while I was a commissioner at 90 per cent. and afterward at 88, both higher than 6 per cents. at par, at which the fund commissioners were authorised to sell.

I have no knowledge of any State bonds being sold by the commissioners, either directly or indirectly to the United States Bank.

Question J.

Who was the person or persons, agent or agents, to whom was en-

trusted the \$300,000 informal bonds which were to be exchanged for formal bonds?

Answer J.

To the Morris Canal and Banking Company.

Question K.

Were you the commissioner who had charge of the bonds deposited for exchange?

Answer K.

I was under a contract approved by the board, in which the bonds were to be furnished them for exchange.

Question L.

Wherein consisted the informality of the bonds complained of as informal?

Answer L.

I think there was no informality, and have heard that Mr. Jaudon, to whom 300 bonds had been sent, declined exchanging them on the ground that they (the first) were good enough. The objections of the Rothschilds, to whom 700 were sent, were I think, 1st, that they were post-dated, being 1st July, and were signed sometime in June. 2d, that the day of their date was Sabbath, viz, 1st July, at which all our bonds were dated in the engraving, to make the interest become payable 1st July and 1st January; and 3d, that the place of the payment of the principal was not sufficiently specified, although of the same form as all previous bonds, to which no objection had been made.

Question M.

Were the bonds sterling or dollar bonds?

Answer M.

They were sterling bonds.

Question N.

What rate of interest did these bonds bear, and what were their numbers?

Answer N.

They bore 5 per cent. interest, and were numbered from 701 to 1,000, inclusive.

Question O.

Had any person or agent, other than the Morris Canal and Banking Company, anything to do with this transaction?

Answer O.

I presume the agent of the United States Bank in London, Mr. Jaudon, had the informal bonds, being sent to him by the Morris Canal and Banking Company, and that the Morris Canal and Banking Company used the substitutes; and knew of no other person having anything to do with the transaction.

Question P.

Do you know of any connection between the Morris Canal and Banking Company and the Bank of the United States in this or any other transaction relative to the sale, transfer, or trade in Indiana bonds? For what purpose were the bonds thus sold, applied?

Answer P.

I have no knowledge of any transaction between the Bank of the United States and Morris Canal and Banking Company, in these or other bonds of the State of Indiana, except that those I understood were sent to Mr. Jaudon, but on what terms I do not know, nor how these bonds were applied.

Question Q.

What was the original capital of the Staten Island Bank? Was it a resuscitated bank? and if so, by what means? and was it a bank of issue? State if you were a stockholder, and if the notes were made payable to you.

Answer Q.

As nearly as I can recollect, about \$140,000, all paid in, in State bonds, bonds and mortgages, and cash.

It was an original, not a resuscitated free bank of issue. I was not a stockholder in my own right, but when \$60,000 of stock was transferred to the State as collateral security, a part was placed in my name, and I was made a director to guard the interests of the State and some of the notes were made payable to me as to other directors, I believe without my knowledge or previous consent; and I brought some of these notes which I obtained by exchange of my own funds, to Indiana, where they were as good as any eastern paper; but I never loaned a dollar of the bank.

Question R.

Did you circulate these notes in Indiana?

(The answer to this question is contained in the closing paragraph of the last reply.)

Question S.

Were there any transactions between you and the Terre Haute Bank, in reference to the Staten Island Company Bank, or the Dry Dock Bank of New York?

Answer S.

I know of no such transactions.

Question T.

Are you now an owner, either directly or indirectly, of any property or stock in the Staten Island Whaling Company or Bank?

Answer T.

I did own some stock in the Whaling Company, which I left with the President to sell, but presume it could not be sold for anything and that it is still in my name. I never held any, individually, in the bank.

Question U.

Is there, to your knowledge, any other person or persons in Indiana, owner or owners of property or stock in said company or bank?

Answer U.

I never knew any other person in Indiana to have any interest in the bank or whaling company.

Question V.

Were the bonds sold to said Company, sold for prompt pay or upon time?

Answer V.

The bonds sold to the Whaling Company were sold on credit, and then considered entirely secure: at that time I was not a stockholder.

Question W.

Are you the owner of any property or bank stock in the city of New York? if so, of what character and what amount?

Answer W.

I am not the owner of any stock or other property in New York city.

Witness then offered the subjoined correction to previous replies, viz, from No. 1 to No. 8.

The questions from No. 1 to 8, and some others having been replied to instanter on being propounded by the committee, and relating generally to years since, and with which for nearly a year and a half I have not been conversant, I find on reflection and examination several unintentional errors and omissions, which I now wish to correct.

First. In reply to the second question, I stated that while secretary of the fund commissioners, payments were made by an agent appointed by the board, who was furnished with funds from sales of land or money on hand; and second, sales of drafts on the east. This is slightly incorrect, although it had been the plan previously pursued, and I had been led into the error from having re-written all the accounts of these transactions. But while I was secretary, the canal commissioners acted as disbursing agents for the board, and were furnished with funds—1st, from sales of lands, one of the number being the agent for the land sales and payments—and 2d, by their own drafts on certain branch banks which had undertaken to make the advances, and received therefor eastern drafts at par—the advance being then considered as equal to the small premium of one-half per cent., which the drafts bore.

By this course, the canal commissioners, drawing on the branch for funds as needed, and also being in the receipt of money for land sales and interest thereon, the fund commissioners having no knowledge of the expenditures required on the public works, until the annual settlement at the close of the year, had no means of checking overdrafts and its application to individual use, especially as when the commissioners repaired to Indianapolis, to make up and settle their annual accounts, it became necessary to leave funds to make further payments on the work, and how much was necessary for that purpose the fund commissioners had no means of knowing, until the accounts were brought in at the close of the next year. In this way it would have been in the power of the canal commissioners to have applied public funds to private use, without the knowledge of the fund commissioners. Shortly after I became a member of the board, the manner of making the payments was changed, and the banks directly paid the drafts for labor actually performed, from their counter, in advance, and received therefor eastern drafts at sixty days from the close of the month, by which the branches gave 2½

months use of their money and their trouble in making the payments for the exchange on eastern funds: and the members of the board keeping no funds in their own hands, except a limited sum for contingent expenses, could never largely appropriate public funds to individual use. But the regulation detected a balance of over \$20,000 in the hands of David Burr, for which he could not account, and an examination of his previous receipts and expenditures, discovered that a few months previous, the amount in his hands was about \$60,000.

2nd. In stating that the account of William Linton was paid by his administrators, the omission of the words "that and," renders it doubtful whether the draft before named was paid, as well as the balance of his account: Such, however, was the fact, the amount of the draft, with interest and half per cent. for exchange, was paid by his executors.

3d. In replying to the third question, I had forgotten the fact which I wished to state, that at the time I was appointed secretary \$100,000 of State bonds, were then hypothecated to the Merchants bank for a loan with which to prosecute the Wabash and Erie canal, which was repaid out of the next loan.

And while I was commissioner \$1,000,000 were sent, through the Morris Canal and Banking Company, to London for sale, and drawn on to the amount of, say \$400,000, which may be considered a species of hypothecation.

4th. My reply to the sixth question needs to be modified by transactions related in reply to the 17th question, where in carrying out arrangements undertaken individually for the benefit of the State, some State bonds were deposited to secure the arrangement, and might seem to partake of the nature of hypothecation.

5th. In replying to the fifth question, an occurrence escaped my mind, at which I now feel much surprised; but so it was, I never recollected it, until subsequently a question from the Senate brought it to my mind; why I did not was probably owing to my attention being entirely directed to transactions with persons resident in the east.

In the summer of, I think, 1837, Mr. Lanier, President of the Madison branch bank made me a present of \$200, stating it to be part of a premium he had received in some arrangement which he had made with the Morris Canal and Banking Company, and that he had given or should give the same amount to my colleague, Mr. Smith, giving as his reason therefor, that our compensation from the State was so pitiful. This was the only reason, stipulation or suggestion on the subject. In the whole transaction, I had not been consulted or knew any thing directly, or indirectly about it. Still I hesitated to receive it, although satisfied the State was no way affected by it, and that it had nothing about it collected with my official duties, as well as that the compensation I received from the State was very small. I did, however, receive it, and am willing to invite the most rigid scrutiny, as to whether such transaction ever had the least possible influence

over me in any of my transactions on the part of the State, either with such officer, or the branch with which he was connected, or in any way to the prejudice of the State. That the officer felt there was nothing wrong about it, is manifest from the fact, that he stated the matter himself to the President of the State Bank. That officer, however, being disposed to use it against me, and not myself, recollecting very distinctly, what Mr. Lanier told me was the transaction from which he received the premium, I wrote to him to inquire, and his reply coincides with my recollection.

Mr. Lenier's statement is as follows:

"Yours of the 9th instant was received, the contents of which surprise me much. I cannot divine to what Mr. Merrill alludes in his note to you, unless to a conversation which I had with him, some time since, in which we were speaking of the miserable pittance allowed you by the State, as fund commissioner. I related to him the circumstance of the Morris Canal, at one time, giving me a premium for accepting post notes with interest, for our branch, instead of money, that after I had made the contract, which was without your knowledge, consent or approbation, (it being a matter in which the State had no concern whatever,) I took the amount of the premium and divided it between you and Smith, that you at first declined accepting it, but that at my earnest solicitation you at length did. What the amount was I do not now recollect. It was not as large as the sum named, nor do I think the sum was named to Mr. M.

The post notes not only answered our purpose well, but we made nearly the interest clear. This was a confidential and friendly conversation in relation to you."

Interrogatories, Nos. 21, by Mr. Hannegan, 22, by Mr. Brown of M. 23, by same, and 24, by Mr. Simonson, were then propounded to witness, who was allowed time to prepare his replies.

CALEB B. SMITH was sworn, and interrogatories submitted to him by the committee, from No. 1 to No. 11, with leave to reply at some subsequent meeting.

NOAH NOBLE SWORN.

Interrogatories Nos. 1, 2, 3, 4, 5, 6, 7, by Mr. Davis.

Series of interrogatories by Mr. Hannegan. No. 9, by Mr. Marshall. No. 10, by Mr. Simonson, and No. 11, by Mr. Defrees, were propounded, with leave to answer at some subsequent meeting.

On motion, the committee adjourned till half past 2 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,
Half past 2 o'clock, P. M.

Committee met pursuant to adjournment.

MILTON STAPP SWORN.

Interrogatories Nos. 1, 2, 3, by Mr. Davis. No. 4, by Mr. Simon-

son, and No. 5, by Mr. Cooper, were submitted to him, with leave to reply hereafter.

On motion,

The committee adjourned until Monday evening, the 27th inst., at 6 o'clock, P. M.

MONDAY EVENING, DEC. 27, 1841, 6 o'clock P. M.

Committee met agreeably to adjournment, in the Hall of the House of Representatives.

Present, Messrs. Brown of D., Brown of M., Cooper, Davis, De-frees, Marshall, Ritchey, and Mr. Chairman.

Absent, Mr. Simonson.

The following replies to previous interrogatories were then read by witness, Isaac Coe :

Interrogatory No. 21, by Mr. Hannegan.

What amount have you made, individually, by your various operations in State bonds? State the various operations, the times at which they occurred, and the sums respectively.

Reply.

There is nothing in the only two individual transactions I made in State stocks, while commissioner, that I would have any wish to conceal from any gentleman of this committee; but as they were entirely individual matters, and the profit or loss I may have sustained, has no connection with the discharge of my public duties, I have an objection to their publication, with the almost certainty that such publication would cause them to be perverted and misrepresented, for political or personal effect.

Still, in addition to what I have said on the subject, in my reply to the 17th question, that having realized the money for the Potomac and Winchester bonds, I felt, from delicacy, compelled to purchase State stocks for the Whaling Company, elsewhere than from the State, since one of my colleagues had departed from the resolution authorising me to purchase at par of the State.

And, with respect to the fifty other Indiana bonds, which I succeeded in taking out of market, where they were likely to injure our sales for the State, the profit I made, was not properly on these stocks, for I exchanged them for property, not money; but it was on my fortunate sale of the property.

But with respect to my private concerns, generally, I would now say that, inquiries having relation, not to the discharge of my official duties as fund commissioner, but to my private business are, I conceive, no more legitimate subjects of investigation, than would be the purchase of merchandise for cash or credit by my colleagues, or

the private business of any State officer, or any representative, while here. Nor have I ever supposed the legislature intended that the fund commissioners, with a compensation which would but little more than clothe them, should be prohibited from attending to other business, when not interfering with official duties, any more than other officers of the State, who were better paid.

I will freely say, however, that without ever in any instance using the money of the State, or in any way to my knowledge, conflicting with its interests, or neglecting my duties as fund commissioner, I did, while at the east, make some trades in stocks on my individual account, which I was enabled in some manner to do, by the extension of confidence and credit to me personally, by those with whom I became acquainted, in some of which I was successful, and in others unfortunate; resulting on the whole, in so near a balance as would afford little cause for envy or congratulation.

Still, I suppose that all that can properly be inquired into on this subject is, whether any private business interfered with the interests of the State, or the due discharge of the duties of the office; and whether the funds of the State were used for individual purposes; and in all these respects, I am willing to answer as fully as any one can wish.

With respect to the funds of the State, I am happy to say, that a system was adopted by the fund commissioners, at my instance, during their first meeting after obtaining a loan, by which all the funds of the State, under their control, were kept deposited in bank, and only drawn out to pay for work actually performed, or interest or other dues from the State, and none ever placed in the hands of individuals; so that when drawn its application would appear on the check. And this rule was extended in its operations, to the fund commissioners as well as others: the only exceptions made, being, that at the instance of the board of internal improvement a definite sum was allowed to each of its members in advance, to pay for incidental expenses; and the individuals of one board were each allowed to draw in favor of himself for per diem and expenses, accounting therefor at the annual or semi-annual settlement.

These drafts and expenditures were examined by the whole board, as well as annually by a committee of the legislature, and the accounts are still in the office open for inspection; while the accounts of the banks, from which the money was drawn, (in which every check is brought into the account,) is also in the office and may still be compared with the account of each fund commissioner; so that, if a dollar had been drawn for individual purposes, and afterwards refunded, it could be detected.

I am also gratified to be able to say, that the plan on which the accounts of the fund commissioners are kept in books of double entry, which I commenced and brought down from the commencement of the public works, now show, as they ever have, every dollar that has ever been received from every source, up to the time when I ceased to be fund commissioner, and the manner in which it has been ex-

pended. Whether I was indifferent to the interests of the State, or neglected my official duties, I hope inquiry will be made of my colleagues and all others acquainted with the manner in which these duties have been discharged. In addition to a full share of the labor and responsibility of obtaining the loans, I performed the greater part of the laborious duty of signing the *coupons*, of which from 50 to 100 were attached to each bond. During the first year and a half I performed the whole labor of keeping the books and records of the board, and during the whole time, performed nearly all the labor of making the monthly payments for the public works; involving the examination of the accounts of the several banks, through which and from which they were paid; and attended to nearly all the correspondence with the members of the board of internal improvement; the home office, (to which the vouchers were sent up,) and banks, through which the payments were made; and the cashiers of these banks can say whether, in arranging the terms on which these payments were made, the interests of the State were on my part neglected.

My whole disbursements for the State, while fund commissioner, were about five millions of dollars, and for every dollar which has come into my hands, or been under my control, I have faithfully accounted, as the books in the office, open to inspection, will show.

Interrogatory No. 22, by Mr. Brown of Marion.

Were you at any time during the period you acted as fund commissioner, or while you were in the employment of the State, a stockholder in the Morris Canal and Banking Company? If so, how much stock did you hold?

Reply.

My being, or not, a stockholder in the Morris Canal and Banking Company, is an individual transaction, not, as I conceive properly belonging to this investigation, unless it may have influenced me to the prejudice of the State, in any transaction for the State, with that institution. And here, the first question seems to me should be, whether I have in any of these transactions, knowingly prejudiced the interests of the State, and not whether any *motives* have been presented which would have influenced a *dishonest* man so to do; for no *motives* of self-interest would influence an honest man to sacrifice the interests of the State committed to his charge. And that no individual transaction I ever had with the Morris Canal and Banking Company, or any stock held therein, ever did so influence me, I can truly aver.

The only two cases in which it appears to me, I could have acted to the prejudice of the State in any transactions with the Morris Canal and Banking Company, would have been, either in selling State bonds to them below their value, or of giving them credit when I supposed them unworthy of it.

That the bonds were not sold below their value, nor any lower than could have been obtained for them in the quantities sold, my colleagues who concurred in the sales, and were conversant with the price of stocks, will, I presume, all testify; and indeed every sale to the Morris canal & Banking Company, was made at a higher rate as far as my knowledge extends, in proportion to their value in the European market, than the stocks of any other State sold about the same time, whether sold for cash, or on credit, and every sale was at the time considered a very favorable one for the State.

That I did not sell on credit, when I considered them not trustworthy, I also aver, and I think may fairly be inferred from the following considerations, viz:

1. The capital of the company was \$4,100,000, all, as stated by their reports, and by the officers of the company to be paid in, and in addition they had on loan till 1846, nearly \$3,000,000, more so far in effect for present payments increasing the capital.

2. The Presidents and board of directors, were men of the highest respectability, the President, when first we sold bonds to the company, being Louis McLane, late Secretary of the United States Treasury, and the successor being Samuel L. Southard, the present Vice President of the United States.

3. The price of its stock in the New York market, where its value was best known, and where notwithstanding \$3,000,000 were invested in a canal which having undergone several alterations, was not supposed to be worth cost, still I was never concerned as commissioner in selling bonds to the company, when the price its stock bore in market, would not, if a true test of value, have given the company more than \$2,000,000 clear capital, after the payment of all its debts.

4. Their punctual payment of all previous sales of which they have paid, in the whole, more than \$5,000,000 to the State, in cash, for stock sold it, and much of this in a time of very great pressure in the money market.

5. From the fact of the United States Bank being a very large stockholder in the institution, which I satisfactorily ascertained in 1837, and which gave additional confidence in its security.

6. My owning stock, it purchased in the stock market, would be only and additional confirmation of my opinion of its solvency, as it might have been sold after my last sale of stock to the company, at more than \$70, a share of \$100.

7. My colleagues, who all spent considerable time in New York, and had opportunity for enquiry, also believed in the solvency of the Morris canal & Banking company, and when a sale of \$1,200,000 was made to it the last of November, 1838, my colleagues not only cordially approved of it, and signed the bonds for delivery, but instructed me in the sale of as much more, then required for the public works, to credit no institution, except the Morris canal & Banking company, and I think, the bank of the United States, and Prime,

Ward & King, and these instructions were given, I think, exactly one month before my last sale to the company.

In this, or any other respect, I challenge the most prejudiced person, to show any neglect on my part, to secure every possible advantage for the State, in any transaction with the Morris canal & Banking company.

And I might add, that, but for its purchase of Indiana stocks, I presume the Morris canal & Banking company, would never have been unable to pay her debts, and her stock would still have been valuable in market, and the institution have maintained its fair character and credit, in all the distress of the times.

Interrogatory No. 23, by Mr. W. J. Brown.

How long were you employed by Messrs. Stapp & Scott, to aid them in the discharge of their duties as fund commissioners, in the year 1839, after the expiration of your term of office? and what was the amount of your compensation?

Reply.

From the first of March, to, I think 17, Aug. 1839, I was more or less aiding the commissioners in New York, or supplying their places when absent—except a portion of the time absent from the city, for which time, I received no compensation.

When the old board went out of office, Gen. Stapp, the only commissioner then in office, had not arrived, and there was no person to deliver the property of the State to, which had been left in my possession by the old board.

A large number of bonds, including those for the surplus revenue, some of them sold, and others prepared for sale, had only received the signature of the fund commissioners, on the last evening of our remaining in office, having not before been ready, and the *coupons* were yet unsigned, and would require to be signed by one of the commissioners having signed the bonds.

Both the commissioners were new to the business—entirely unacquainted with the manner in which it was done—the state of the accounts—the situation of the property belonging to the State, or the debts due it. In this situation to have left the business, and returned home when my office expired, would have thrown all things into confusion. I therefore waited the arrival of one of our successors, and received shortly after, a request from Gen. Stapp to remain, and attend to the business till he arrived. After the arrival of the commissioners, as well as in their absence, they supposed they needed my aid, and I remained with them as long as they deemed that aid necessary, but without any stipulation on my part, what services I should render, or what compensation receive, and when my services were no longer needed, they paid me \$3, a day, and expenses for the time I was in the city, and aided them.

Interrogatory No. 24, by Mr. Simonson.

What loss, if any, was sustained by the State on the Staten Island Bank stock?

Reply.

The stock in the Staten Island Bank was received as collateral security, on the bonds of the Staten Island Whaling company, endorsed by seven directors. A suit is depending against these endorsers, and if recovery is had, of which the counsel for the State was sanguine when I saw him in 1840, a large portion of the debt would probably be got of them. But what the stock in the Staten Island Bank may be worth, I do not know. It had, I believe, about \$80,000 paid in, in Indiana State Bonds, and the bank afterwards purchased \$40,000 more of my successors, the whole loss on both at present prices, would be about \$80,000, and is, I presume, the principal cause of the embarrassed state of the bank.

Interrogatory No. 25, by Mr. Simonson.

Have you seen the report of Gov. Noble? Is the statement in regard to the value of the securities received of the Cohens & Josephs correct?

Reply.

I have seen Gov. Noble's report, and presume he has intended to state their present value—when property not wanted for use, has hardly a selling value attached to it.

My opinion of its prospective value, and that of others well qualified to judge, will be found in my reply to the 26th question, under the head of the Cohen loan.

Interrogatory No. 26, by Mr. Simonson.

Please state all you know in relation to the loans and securities?

Reply.

SALE TO COHENS.

When I first visited New York, after my appointment in 1836, I found my colleagues, the old commissioners, had after inquiry, become satisfied that no loan could then be made for cash in hand on the terms limited by law, viz: par for 5 per cent. bonds; but that there was some prospect of effecting a loan on a short credit on interest on these terms.

It then became a question whether to make a loan on these terms, or return home without, disappointing the expectations of the people, and making it necessary to discharge all the companies of Engineers.

After full consultation it was the unanimous opinion of the board, that if bonds could be sold on a credit, so that the payments would meet the wants of the State, be secure and on interest, it would meet the intentions of the law which required that the money when obtained should be loaned at interest till wanted, and would comply with the wishes of the people, and be within our powers, would be clearly within our duties.

Having these views, my colleagues had, before my arrival, commenced negotiating with one of the Messrs Cohens, then in New York, for such a loan, which the board were rather disposed to make with that house from the fact, that they had the preceding year purchased for cash and at a premium, our State bonds, to the amount of \$600,000, which they still, as they said, held, and our putting bonds into other hands at a lower price might injure them, and the price of our stocks. Accordingly one of my colleagues proceeded to Baltimore, and arranged with the firm the terms of a loan, giving the house one week to accept or decline it, while I proceeded to Washington, in hope of effecting a loan of funds in the hands of the Government.

Before the week expired, the Cohens notified me of their acceptance of the loan, one condition of which was, giving satisfactory security, and paying $5\frac{1}{2}$ per cent. interest till paid—the funds to be placed in the National Bank, New York, and drawn for at pleasure so as not to average less than 4 months, while heretofore the commissioners had only been able to obtain 4 per cent. interest for those deposited.

I immediately informed my colleagues of their acceptance of the loan—one of whom had returned home, and the other was in New York—proceeded to Baltimore, put the contract in writing, and went on to New York to prepare the bonds and with my colleague take the security.

On arriving at New York, I was disappointed to find that my colleague had that day left for home, by which the responsibility of taking the security was placed on me, which I much felt, being a new member and so much a stranger in the city.

I however proceeded to sign the \$30,000 *coupons* attached to the bonds, deposited them at the Merchant's Bank, and engaged the President and Cashier to take the security for the State, which with considerable reluctance they agreed to.

I then returned to Washington, still hoping to succeed in effecting a loan there, but was unsuccessful except to a very small amount—on my return to Baltimore, I found the senior partner of the Cohens had been to New York to give the security and receive the bonds, and offered the Messrs Josephs as security, but the President of the bank being absent at Washington, the Cashier had declined the responsibility of himself alone accepting the security, and now the Messrs. Cohens stated that they should offer no other security, and if this was not ac-

cepted without further delay, they should consider the contract at an end.

Thus situated I greatly felt the responsibility of my situation. On one hand I was unwilling in any manner to jeopard the interests of the State, and on the other, should I fail in securing the loan, the news of which had gone home, by refusing security which was really good, I felt I should be censured and the public expectation much disappointed. The only man to whom I could apply with confidence for correct information in Baltimore was Mr. Cushing, President of the Savings institution—a worthy and highly respectable citizen. His opinion was entirely favorable to the Cohens, stating that he had long known them, considered them men of undoubted integrity, that they had made a great deal of money in their business, and he had never known them to suffer any serious loss. I also met with Mr. Palmer, President of the Merchant's Bank, New York, on his return from Washington, who had spent a day with his friend Mr. Boswell of Baltimore, a retired merchant of wealth and great respectability, and had inquired of him for us the standing of the Cohens, and was informed, as he told me, that they were abundantly good for the amount of the loan themselves, and on visiting Mr. Boswell with Mr. Palmer, I received from him the same assurance.

I then asked Mr. Palmer, if in his opinion, I might safely close the contract, taking the Josephs for security, to which he gave his opinion that I might.

The Josephs were at that time doing an extensive business in New York, and all I could learn, was favorable to their ability and integrity. While the Cohens were then doing a very extensive banking business, their paper was in high credit, and they enjoyed the deposits of, I think, about forty banks of Maryland and other States. Under these circumstances, I felt I should be justly censurable, if I refused to take the responsibility of closing the contract, and accordingly, after taking the bonds of the parties, I delivered the State bonds, and my colleagues approved my so doing; and we reported the loan to the next legislature, and no exception was taken to it, to my knowledge, and had no security been taken, I have no doubt the debt would have been entirely safe, and paid when due. But unfortunately, instead of asking the Josephs to become security, they offered them a partnership, and delivered them one half of the State bonds, which they accepted—a conclusive argument, that each firm thought the other solvent, or they would not have become bound for each other; or at any rate, the Cohens who were undoubtedly so, would not have entered into a contract, which bound themselves in so large an amount with the Josephs, unless they believed them solvent also.

On the failure of the Josephs, they were indebted on this account, and another to the Cohens of \$200,000 as was admitted by both, and the whole balance due the State was about \$298,000. On the news of this failure, I immediately started from home for Baltimore and New York—one of my colleagues not being able to go, and the other at a

distance—and was unremitted in my endeavors to secure the debt. One of the Cohens had, however, gone to New York on the first news of the failure of the Josephs, and had taken 384 lots, including water lots above the city of New York, with a mortgage on some property at Poughkeepsie for \$13,500, subject to a previous mortgage, as full satisfaction for the \$200,000, and had given their engagements to pay the State. This property the Cohens transferred to me, to secure the State, together with other property estimated at \$100,000 more, being all that I could then get, and entered into an agreement to pay the debt in instalments of \$25,000 a month. But this engagement, they subsequently found themselves unable to comply with, for the report of these liabilities to the State on account of the Josephs, imprudently exaggerated in one of our papers to \$500,000 alarmed all their other creditors, depositors and holders of their bank bills, several hundred thousand dollars of which, as I am informed were then in circulation, and a general rush on them was made, which, in the general panic then prevailing, they were unable to provide for, expecting to redeem their circulation. Not satisfied with the security obtained, I proceeded to New York, and called on the Josephs, who stated the undertaking of the Cohens to pay the debt and their own inability to do any thing.

Finding I could obtain nothing otherwise, I commenced a suit in the United States Court, by process from which they were subject to imprisonment, from which they were freed under process from the court of New York. The heavy bail required, \$1,600,000, having put them to much difficulty and danger of imprisonment, they became alarmed and proposed a compromise, and after an examination of their books and a statement of their affairs, the terms of compromise were agreed to, provided one could be satisfactorially made with the Cohens, and the sanction of the legislature obtained—and deeds for the property to be given, were placed in escrow for that purpose, and the same day at evening, a general assignment of their property to trustees, for the benefit of their creditors, was made, on which I was informed, last fall, no dividend had been made, and probably none ever will be. All their unpledged property, of much value, was obtained for the State, leaving, as I estimated, not more than two cents to the dollar for other creditors under the most successful collection.

The property thus obtained was the Sperm Factory, and lots at Brooklyn, subject to a mortgage of \$35,000, but for which they had been offered, and refused, \$100,000, (as Mr. Mead, late cashier of the Merchants Bank certifies was within his knowledge.) 2nd. 182 lots above the city of New York, which had cost them upwards of \$40,000 as shewn by their books, but on which there was a mortgage for \$12,000, and as I am since informed, a mortgage for \$4,000, which covers this with other property, but for which the other property being in equity first holden and as is said sufficient to pay it, there will probably be no eventual liability on this. 3d. The return to the Cohens of their releases to the Josephs, by which an attachment of \$50,000, on property of the Josephs in Maryland, and which was

assigned to the State, was left in force, part of which has already been recovered, and the remainder yet undecided.

A negotiation had in the mean time been carried on with the Cohens for a compromise, in which my colleague Judge Hanna took a part, and their proposals obtained, and after being empowered by the Legislature, the compromise was affected, by which all the principal of the \$500,000 has in the whole been received, except \$207,000, and if a bond of the Cohens, on which \$50,000 at six per cent, is still due, and secured by mortgage on their Banking house, and considered entirely safe, be taken from this, the balance of principal will be \$147,000. And the following property is held to secure this with the interest thereon, and the advances which have been made to remove incumbrances, viz: \$75,000 in stock of the Baltimore and Ohio Railroad, all paid and now drawing two per cent, but when the road is completed to Cumberland now in progress, it is estimated will be worth par \$50,000.

An attachment on property of the Josephs in Maryland on which the Canton stock was recovered, which cancelled about \$34,000 of the attachment, less however than the accrued interest due thereon. There has also been recovered 500 shares of General Insurance stock not sold, and there is still undecided the claim to 1,500 shares, American Life and Trust stock, which it is probable may be recovered, on which \$75,000 the amount of the shares has been paid.

Fifty-one lots, including water-lots in Brooklyn, opposite New York, with the sperm factory, fixtures and implements thereon, for which property the Josephs refused 100,000 dollars, and this I believe without including the implements of manufacture, worth, probably from ten to twenty thousand dollars, although I do not now recollect their estimated value. This property is now clear of all incumbrance, and being opposite the business part of New York must, when times again become prosperous, become very valuable—at least worth the \$100,000 formerly offered for it.

One hundred and eighty-two lots in the neighborhood and on the 89th street and 8th avenue, subject to mortgage of 12,000 dollars, and perhaps an eventual liability for part of 4,000 dollars more, though not probable.

Three hundred and eighty-four lots on and in the North river, between 65th and 67th streets, New York, subject to a mortgage of \$32,500, and interest. Believing it the interest of the State to hold on to this property till the compact part of the city should reach it, when in New York last fall, I addressed enquiries to Mr. Coddington, then postmaster, who held property near the lots on the river. Mr. Hoyt, then collector, who was once interested in the property, and to his brother, L. Hoyt, who was also acquainted with the property—to learn their estimate of its probable value fifteen or twenty years hence—naming that time because the bonds of the State for which it was sold, part became due in about twenty years, and the remainder in about forty-five years; and the State having given only her credit for the property, would well afford to wait until her own bonds be-

came due. Having in the same contract received much more money than enough to pay all incumbrances on the compromised property and interest on the bonds sold, which has yet accrued, and the probability being that the ground may soon be put under a rent, which, with the dividends from the Baltimore and Ohio Railroad Company, and rent of the sperm factory, and what may be recovered on the attachment, would pay future interest on the amount due on the compromise property and all taxes on it.

The postmaster and collector being much engaged in the duties of their offices, the brother of the collector—a very candid man—prepared the reply, in which both the postmaster and collector concurred. I subjoin a copy of their reply and only observe, that the estimate was made under the influence of the present distressing times. But should the city return to its former prosperity, which there is every good reason to believe will be the case, from its commanding situation, and the extensive northeastern country which must go to its market, and prices stand as in former times of ordinary prosperity, these 566 lots, when the city shall be compact around them, (which, unless some great calamity intervenes, will, it is estimated, be in less than twenty years) will probably sell at an average of from four to five thousand dollars each, amounting to from 2 to 3 millions of dollars.

I will further observe, that when the 384 lots were taken, they were subject to a mortgage of 65,000 dollars, with the bond of the Josephs—one-half of which belonged to an individual who held the mortgage, and the other half to the Bank of the United States, who held the Josephs' bond a few months before due—the individual having offered a discount at the rate of, I think, 12 per cent. for payment of his half. I paid it under authority of the board, and took up the mortgage with an assignment of his half of the mortgage to the State. The Bank of the United States has taken legal steps to collect their portion by sale, and of the property if sold, one-half will revert to the State; but I should think it much for the advantage of the State to pay the \$32,500 and interest with the first available means, and hold the property.

The following is a copy of my note to each of the gentlemen above named, and their reply:

(Copy.)

NEW YORK, *September 15, 1840.*

J. CODDINGTON, ESQ.

DEAR SIR: From your acquaintance with the lots owned by the State of Indiana, from the 10th avenue in New York to the Hudson, you will oblige me by giving your opinion as to how long you believe it will be before the city will be likely to be built compactly to these lots, and what at that time, or say twenty years hence, in

times of ordinary prosperity, you should suppose would be the average value of these lots, including those now under water in the river. Will you also have the goodness to state your opinion as to the probable average value of 182 lots, on and near the 8th avenue from 89th to 96th streets, belonging to the State of Indiana, at say fifteen or twenty years hence?

Very respectfully yours,

I. COE.

L. HOYT.

(*Copy.*)

NEW YORK, *September 24, 1840.*

DEAR SIR: In answer to your note of the 15th, I will state, that it is almost impossible to form a satisfactory opinion as to within what period of time the city will be considered as extended to the property owned by the State of Indiana, bounded on the north by 67th street, on the south by 65th street, on the west by the Hudson river, and on the east by 10th avenue.

The city may be considered as already extending north as far as 42d street, and I believe continuous wharves and docks have been built on the river, nearly or quite up to that street; as to this I cannot now speak positively, not having recently been in the neighborhood with a view of ascertaining.

There is now, and has been for some time, a wharf at the foot of 70th street, which is considerably above the property of the State, and a very considerable establishment has recently been started above, by Francis, the builder of life boats. This is an important improvement. I think it safe to say, that in the course of five years the river lots belonging to the State, will be required for business purposes; but what will then be their selling value, assuming that they continue in the condition they now are, it is very difficult to say. Before they can be used for business, some considerable work will be required on them, such as filling up, &c;—much, if not all the materials for doing this, is on the property. My knowledge of the expenses of this kind of work, does not enable me to speak with any certainty of it; but I should suggest as a proper mode of having it done, to pay for it in a lease of the property for such time as circumstances would render fair. I think it may be assumed, that at the expiration of five years, they may be made a source of considerable income to the State.

My opinion is that it is safe to estimate the whole 384 lots into which the property is divided, to be worth at the expiration of 20 years, \$2,000 each. As to the present selling value, I have no means of determining any farther, than that the owner of the adjacent parcel containing the same quantity, now asks \$100,000 for it. It is situated north of the land of the State, and consequently more remote from the city.

As to the property in the neighborhood of the 8th avenue and 89th street, my knowledge as to its precise location is not such as to enable me to form a satisfactory opinion. I expect in a few days to see a map showing its precise boundaries. From my general idea of it, however, I think it is not unreasonable to say, that at the expiration of 15 years from this time, it will be worth \$1,400 the full lot; but at present, property in that neighborhood is without any selling value. In a very short time, however, I have no doubt, some arrangements may be made in relation to it, from which an income considerably more than to pay the taxes, may be derived.

Respectfully, yours, &c.,

L. HOYT.

To ISAAC COE, Esq.

We concur in the general views and estimates above made.

J. J. CODDINGTON.

J. HOYT.

Sept. 29, 1840.

(Copy.)

LOAN TO STATEN ISLAND WHALING COMPANY.

When my colleagues and myself met in New York, it was very apparent that the large sperm factory received of the Cohens, ought, if possible, to be rented, as well as to preserve it from injury and dilapidation and save the expense of an agent to take care of it, as to make it productive and more likely to sell well.

On inquiring for a tenant, the Staten Island Whaling Company offered to rent it on condition funds were loaned them by the State to aid in stocking it, or in establishing a free Bank, which they had in contemplation, which was intended to aid their operations. As the superintendent of this company was a man of long experience in the sperm manufactory, and formerly had charge of this same factory, and the company was composed of respectable men, we considered it an object to rent them the concern, in which they were at first desirous the State should be a partner, and Mr. Smith, the agent, showed us a statement of the amount which might be manufactured, and the profit to be expected, in which, from his experience, we had considerable confidence. But having no power to make the State a partner, it was thought advisable by the whole board, to loan them some Railroad bonds, and other funds received from the Cohens in compromise, to the amount of \$52,000, which was by them converted into state stock for their Bank. This was secured by bond and mortgage of \$20,000 on the factory, implements and land of the company at Staten Island, and \$32,000 by mortgages on individual property of two of the directors guarantied by the company. And the board, while together, also sold the company \$40,000 on a short credit on

the notes of the company, guarantied by, I think, 7 of the directors, which have since been paid.

After the return of my colleagues home, and before my return, and after, I think, the first payment of \$10,000 was made on the \$40,000 sold to the company, and the remainder being due in 3 monthly instalments, they were in want of more capital to carry on the extensive works rented of the State, and being able to use State bonds to increase their capital in the new Bank, and believing it the interest of the State the works should be profitable, as well as that the sale was a good one for the State, I made a further sale of \$60,000 of State dollar bonds at five per cent. interest, at, on an average credit of 9 or 10 months, which did not come due till I was out of office, they paying at the rate of 6 per cent. interest, which debt was secured,

1st. By the bonds of the company,

2d. By the endorsement of 7 directors, and,

3d. By the transfer of \$60,000 of stock in the Staten Island Bank.

At that time I considered either of the securities good for that amount.

The company was incorporated with a capital of \$200,000, all or most of which I was informed had been taken up, and a list of 69 stockholders was furnished me, some of them of great wealth and respectability; and 10 or 12 gentlemen, had the year previous formed an association, purchased land, erected a factory, and purchased and fitted out a whale ship, all which they had put into the company at \$48,000, and taken it in stock—and the return of the whale ship was expected the next spring, and it was anticipated with profit.

The stock of the Staten Island Bank, an entirely different institution, was then considered worth par. And of the endorsers three were merchants, doing considerable business in New York city—two more farmers of considerable property, one supposed to be worth more than \$20,000, and probably still is so—another was the agent of the company, who owned \$8,000 in stock, and the other a mechanic of considerable property who kept a lumber yard.

I considered then the debt abundantly safe; my colleagues sanctioned the loan, and it was reported to the legislature.

Subsequent events have, however, caused the failure of the company, among the causes of which are:

1st. The long voyage of the whale ship and a final loss of more than \$20,000 thereon.

2d. The heavy loss on our state stocks purchased by them, on account of their great depreciation.

3d. The great loss on their stocks in the Bank, much of this caused by depreciation of Indiana State stock, and,

4th. Losses by bad debts in the sudden pressure in the fall of 1839, and the use of a large amount of funds by an agent.

These unexpected losses, and not a loss on manufacturing, have ruined the company, and made the recovery of the debt, except for the

value of the pledged bank stock, uncertain—it being in suit against the endorsers.

After receiving the said \$60,000 of stock in the Staten Island Bank, as part of the collateral security for the loan of the Whaling company, it was suggested that I should become a Director of the bank, for the time of the State's holding such stock, which I thought afforded an opportunity of better overseeing the interest of the State. I therefore agreed to it. For that purpose \$15,000 of the \$60,000 stock taken, was transferred to my name, and 45,000 to the State: and I acted for a time as such Director, and while there, every thing appeared to be prudently and safely conducted. On my going out of office, I transferred the said \$15,000 stock to my successors. Some of the notes of the bank were made payable to me as to other directors—but I never borrowed any of the money of the company whatever, either while director or at any other time, either for myself or for any other person.

I feel it also proper, that the committee may fully understand all the circumstances relating to the Staten Island Whaling company, and prevent misrepresentation, to state a contract made by me individually at the time of renting the factory, but intended for the benefit of the State.

In fixing the rate of rent, the company was not willing to pay more than \$3,000 a year, but finally came up to \$4,000 as the highest they would give. This for the factory alone, we all thought enough, but in consequence of the loan made by the State, and the profits they expected to realize, I thought it ought to be \$5,000, and to induce them to give it, offered to pay them one thousand dollars a year, if they would give the \$5,000 instead of \$4,000, provided they would give me one third of the profits as being a proportion due the State for furnishing them the loan, and stating at the same time, in presence of my colleagues, my intention of offering the contract to the State; to the proposition they acceded. I append hereto, a copy of the contract, in which the one third of the profits is made payable to the State on my assignment of the contract.

On my return to Indiana, I proposed in our report to the Legislature, a full statement of the matter, tendering to the State the engagement I had made, if the Legislature should choose. But my colleagues conceiving it to be no part of our Fund Commissioners' business, positively declined having it inserted: and the ridicule with which the receipt of the sperm, or as it was termed, the "soap factory," was treated in the Legislature, convinced me that the view taken by others was correct; and that any such communication as I had intended would be utterly disregarded. The matter rested there. The result has been that by my engagement, the State has received \$5,000 a year rent, instead of \$4,000, while the company was able to pay, and for my share of the company's operations, I had the pleasure of paying to the company my fifth portion, to be applied towards the rent to the State, without even having received a dollar of profit, or even now expecting it.

And I will further state, that two or three months after the last sale

of State stock to the Whaling company, and about the time the act passed, legislating me out of office, I for the first time, unfortunately for myself, became a stockholder in the company, having still at that time, much confidence in its success; which stock I purchased solely with my own means, and it resulted in my individual loss.

COPY OF CONTRACT.

It is hereby agreed between the Staten Island Whaling Company, and John H. Smith, of Staten Island, of the first part, and Isaac Coe, of the State of Indiana, of the second part; that, whereas the parties of the first part, being in treaty with the fund commissioners of Indiana, for renting at an annual rent of four thousand dollars, the Sperm Oil and Candle Factory, at Brooklyn, lying between Gold-street and the lands of Matthew Bruen, and between John-street and the river; that in order to secure to the State of Indiana, the addition of one thousand dollars per annum rent for five years, the party of the second part engages, individually, to pay to the parties of the first part, the said additional one thousand dollars a year rent, for five years, on the conditions, and in the manner following, to-wit:

At the expiration of each and every year, during the five years aforesaid, from the first of August next, the said parties of the first part, covenant to furnish to said party of the second part, a full and complete statement of all their operations, in the purchase, sale, and manufacture of sperm oil, candles, whale oil and bone, storage and dockage, as arising from the operations at Brooklyn on said property so leased, or in any way belonging thereto; and if after allowing said Smith fifteen hundred dollars a year for superintending and managing said concern, (of which he engages to take charge, and also to make the purchases and sales therefor,) and five thousand dollars per annum rent, there shall remain any profit, the parties of the first part hereby agree to pay one-third part thereof to said Coe, or to the State of Indiana, if he shall assign to said State, this contract.

And said Coe, in consideration as aforesaid, of receiving one-third of the profits aforesaid, hereby agrees at the end of each and every year as aforesaid, if there shall be no profit on said concern after paying said compensation and rent aforesaid, that then said Coe will pay to said parties of the first part, the sum of one thousand dollars aforesaid, or so much thereof as will save the said parties of the first part from loss; but shall in no case be subject to greater liability than for the one thousand dollars per annum aforesaid.

And it is agreed by the parties of the first part aforesaid, that the fifty-two thousand dollars to be furnished by said fund commissioners, shall be exclusively used in the operations aforesaid, as far as will be necessary to most advantageously conducting its business.

In witness whereof, the parties, Smith and Coe, have hereunto set

their hands and seal, and the Staten Island Whaling Company affixed its corporate seal, this 23d day of June, 1838, at the city of New York.

RICHARD D. LITTLE, [SEAL.]
ISAAC COE, [SEAL.]
JOHN H. SMITH. [SEAL.]

Sealed and delivered in }
presence of }
JOHN WEST.

LOANS OF MORRIS CANAL AND BANKING COMPANY.

In July, 1836, after completing the loan to Cohens, my colleagues having returned home, I called on the house of Thomas Biddle & Co., Philadelphia, to whom I had a letter of introduction from my predecessor, to ascertain whether any further loans could be made, as we were required if practicable, to negotiate further loans for the bank, Wabash and Erie Canal, and the internal improvement loan, for upwards of two millions of dollars; and succeeded in making a conditional contract with them, and the Morris Canal and Banking Company of New York, which after examination into the affairs of the Morris Canal and Banking Company, was carried into effect for the sale of \$440,000 for the State Bank, \$450,000 for internal improvement, and \$139,000 for the Wabash and Erie Canal funds, all 5 per cent. dollar bonds, which were sold at one per cent. premium, at an average credit of one year, except the bank loan, to be paid the first of November ensuing, say three months from contract; the loan to bear an interest of five per cent. until paid, and to be drawn for, at pleasure, so that the average credit was not less than the above time, by drafts on the Morris Canal and Banking Company.

The security held was, first, the firm of Thomas Biddle & Co., then a firm of brokers, of very high standing in Philadelphia. Second, the Morris Canal and Banking Company, with a capital of 4,100,000 dollars, all said to be paid in, and so stated in the reports of the company, of which 3,100,000 dollars was invested in canal, and 1,000,000 dollars used for banking purposes; besides which, the company had on loan more than two millions dollars, which not being payable until about ten years afterwards, was in effect adding so much to the capital. Besides, the last report showed a balance on hand of profit, amounting to \$273,229 37.

Louis McLane, former Secretary of the Treasury of the United States, was president, and its board of directors was composed of men of high respectability and wealth.

In the spring of 1837, when the general pecuniary crash took place, and the State was deprived of other resources, the Morris Canal and Banking Company continued to pay all our drafts and the interest of

our loans, both bank and internal improvement, and Wabash and Erie, payable at their counter, was paid in specie by the company, out of the funds due the State, although the bank had nothing due, and for our other interest, we were obliged to pay eleven per cent. premium.

And I may add the great correctness and method with which their business was conducted, added to their punctual payments, in a time of such unexpected pressure, tended to increase our confidence.

Accordingly, after trying the market, and being unable to sell for cash at what was a fair price, any more than 30,000 dollars, which was sold to Christmas, Livingston & Co. at par, several contracts were made between Mr. Smith and myself on the part of the State, and the Morris Canal and Banking Company, for the sale of 2,000,000 dollars of 5 per cent. dollar bonds; on the whole of which a premium of 34,000 dollars over par was obtained, it being sold on a credit so as to meet the supposed wants of the public works, and drawing five per cent. interest till paid.

In the summer of 1838, my colleagues, Messrs. Smith and Farrington, joined me in New York; but the Morris Canal Banking Company being unwilling to purchase at former rates, no sales were effected to it while they remained; and although numerous applications were made for stock from free banks, and other institutions, both, when my colleagues were present and afterwards: yet, in no cases did we suppose the security offered was sufficient, except in the case of the Western Bank of New York, and the Staten Island Whaling Company; and after the return of my colleagues, the Pontiac Railroad, and Erie County Bank, and Staten Island Whaling Company.

We however sent out a million of dollars in bonds for sale in London, through the Morris Canal and Banking Company, and before any further sales to them, had I think drawn about \$400,000 thereon. Before I returned home in November, as the calls on the public works were very great and we had no money to pay except as drawn in advance on bonds which were sent for sale, and must be refunded if not sold, I became exceedingly anxious to make a further sale of bonds, but no offers were received for cash or where the payments could be depended on, within the terms of our limits to sell.

The Morris Canal and Banking Company still refused to purchase. About the last of November I started for home, and the president of the Morris Canal and Banking Company came with me to Philadelphia to ascertain whether the Bank of the United States would unite in a purchase, which it positively declined. I then succeeded in selling to the president, for the Morris Canal and Banking Company, the one million dollars sterling bonds (sent out through them) at par in New York funds and \$200,000 of dollar five per cent. bonds at 90 per cent. on payments, except advances already made to suit the public works, and as the bonds sent out by the Morris Canal and Banking Company were objected to, I had others prepared, and brought for the signature of my colleagues to be exchanged; and after remaining nine days at home, returned to New York and delivered these bonds.

But still our sales did not meet the requirements of the public works, and when making the previous contract, I had given the Morris Canal and Banking Company, the refusal of another million on the same terms, until the 1st January. But on the 1st January that offer was declined, and it was not until the 18th that I succeeded in selling another million sterling at par in New York funds, and \$400,000 dollar bonds at 90 per cent, making the whole sales to the Morris Canal and Banking Company, while I was commissioner, \$5,423,290, of which there has been paid in cash, \$5,099,666 92, besides interest—a greater sum already received than the bonds, I believe, could have been sold for in cash at the time of their respective sales.

The company was considered good at the time of the sales, and I believe it still would have been good and its credit unimpaired, but for their losses on Indiana stocks; and the same may be said of the Staten Island Bank, and probably of most of the institutions which have purchased our bonds.

TO THE SECRETARY OF WAR.

In July, 1836, about \$2,700 of five per cent. dollar bonds of stock was sold to the Secretary of War, for cash, and thereby a fractional bond of the preceding year was taken up, which otherwise would have given two fractional bonds in every succeeding appropriation for the Wabash and Erie Canal. This was sold at 7 per cent. premium.

In 1837, 37,000 dollars of five per cent. dollar bonds was sold to Christmas, Livingston & Co. at par for cash.

ERIE COUNTY BANK.

In October or November, 1838, \$100,000 of 5 per cent. dollar bonds were sold to the Erie County Bank, secured by mortgage, which has since been paid and part of the mortgages returned—the remainder are held for a subsequent loan.

To this sale one of my colleagues had some objection—being sold to a free bank. This, however, as well as two sales about the same time, were at ten per cent. higher than any subsequent sales; and on this sale the State has received 10,000 dollars more than it could have got on any subsequent sale of the same stock.

Interrogatories were then propounded to Milton Stapp by Messrs. Davis, Defrees, Cooper and Ritchey, with permission to reply at a future meeting of the committee.

Nicholas M'Carty was sworn by ——— Soule, Esq., and interrogatories Nos. 1, 2 and 3 were then propounded him, with leave to reply at the next meeting, &c.

On motion the committee adjourned to meet in the Representatives' Hall on Tuesday evening at 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,
December 28, 1841.

Committee of Investigation met pursuant to adjournment, and proceeded to business.

Present, Messrs. Hannegan, (Chairman) Brown of M., Davis, Defrees and Ritchey.

Absent, Messrs. Brown of D., Cooper, Marshall and Simonson.

Nicholas M'Carty replied to interrogations previously propounded, as follows, viz:

Interrogatory No. 1, by Mr. W. J. Brown.

How long did you serve as fund commissioner of the State of Indiana, and who were your colleagues?

Reply.

I reply—that I served from my appointment in 1832 till the winter of 1836. Soon after that period I resigned—my time of service having been near four years.

My colleagues in the first organization were William C. Linton, Esq. of Terre Haute, and Jeremiah Sullivan, Esq. of Madison. Mr. Linton deceased on the 31st January, 1835, and Samuel Hanna, Esq. of Fort Wayne, was soon after appointed in his place, who, with Mr. Sullivan, was afterwards my colleagues whilst I remained in office.

Interrogatory No. 2, by Mr. W. J. Brown.

Did you at any time sell the bonds of the State on a credit? If so, to what amount, and has the same been paid?

Reply.

I reply—that for the chief part of the loans made, during the period I served as commissioner, advertisements were put in what was deemed some of the most important papers in such Atlantic cities as the commissioners believed would contain competitors for our State stocks; and on referring to one of these publications, I find we offered to receive one third with the premium on the whole in about ten days after the acceptance of the proposals, one third one month thereafter, and one third in two months; but giving the privilege to the purchasers of at once taking all, by placing the amount to our credit in the Merchants' Bank of New York, with which, as commissioners, we made our deposits. And at all times when we accepted of bids, and the purchasers wished to avail themselves of the time, we executed the bonds and deposited them with the Merchants' Bank, to be delivered to the purchasers, on

their placing the amount to our credit. As to the amount, it will be covered in the answer to your third question.

All sums negotiated have been paid and regularly accounted for by the fund commissioners, as the books and papers in their office will show.

Interrogatory No. 3, by Mr. W. J. Brown.

What amount of State bonds did you sell in connection with your colleagues while you were fund commissioner—and to whom did you sell the same?

(To follow page 260, *Doc. Journal, House of Representatives.*)

Interrogatory No. 5. by Mr. Hannegan.

Do you know of any fund commissioner, or other officer in the employ of the State, having used for any period, the funds, or bonds, or credit of the State for individual purposes? If so, state whom, at what time, to what amount, together with every thing connected with such transaction or transactions.

Answer.

I reply, there being no banks in the State at the organization of the first board of fund commissioners, and they being required to place money at such points as the canal commissioners from time to time might designate, and in such amounts as they estimated would be required. In thus placing funds in the west for this purpose, there were times when a considerable amount was in the possession of one of the fund commissioners, the particulars of which I understand have been stated to a committee of the Legislature, by one conversant with the affairs of the office during the time referred to. I could add nothing to what the books and correspondence in the office of said commissioners show, that would be of importance in respect to them. In respect to other officers of State having used for any period, the funds, bonds, or credit of the State, for individual purposes, I reply, not having been associated with any other officers of the State, in the management of public funds, (but the fund commissioners,) I beg leave, respectfully, to decline answering any questions touching the management of funds intrusted to those public officers with whom I have had no official association. I know of no loss to the State in relation to these funds, except such as has been investigated by the proper authorities.

Respectfully,

NICHOLAS MCARTY.

MR. HANNEGAN,
Chairman Com.

Reply.

I reply—the amount of bonds sold and delivered during the time I was fund commissioner, was \$1,658,000 00, as follows, viz :

August, 1832.	To J. D. Beers & Co.,	\$100,000	6 per cents.	at 113 26,	\$113,260 00
August, 1834.	“ Prime, Ward & King,	500,000	5 “	“ 101 05,	505,250 00
February, 1835.	“ Prime, Ward & King,	300,000	5 “	“ 102 05,	306,150 00
April, 1835.	“ Sec’y of War, (private con.)	68,000	5 “	“ 107 00,	72,760 00
August, 1835.	“ J. J. Cohen Jr. & Brother,	200,000	5 “	“ 105 00,	210,000 00
August, 1835.	“ J. J. Cohen Jr. & Brother,	400,000	5 “	“ 104 50,	418,000 00
September, 1835.	“ Prime, Ward & King,	50,000	5 “	“ 104 50,	52,250 00
September, 1835.	“ Prime, Ward & King, (pr. con.)	40,000	5 “	“ 105 00,	42,000 00
		<u>\$1,658,000</u>			<u>\$1,719,670 00</u>

Caleb B. Smith replied to interrogatories previously postponed, as follows, viz :

“The answers of Caleb B. Smith to the interrogatories of the committee of investigation of the House of Representatives.”

Interrogatory No. 1, by Mr. Hannegan.

Were you at any time acting as one of the fund commissioners of the State of Indiana ?

Reply.

I was a member of the board of fund commissioners from May or June 1837, until Jan. 1839, when I resigned. From the time of my appointment until 1838, my associates were Dr. Isaac Coe and Samuel Hanna. At that time Mr. Hanna resigned, and James Farrington was appointed his successor. Dr. Coe and Mr. Farrington continued to serve until after my resignation.

I am not aware of any bonds of the State, having been sold, or otherwise disposed of by any agent of the State, without the authority of law or the assent of his associates, given either at the time of sale, or subsequently. In the fall of 1838, Dr. Coe being then in New York, alone, made sales of bonds to the amount of \$260,000, without the concurrence of his associates. They were,

To the Bank of Erie county New York,	\$100,000
“ Detroit & Pontiac Railroad Co.,	100,000
“ Staten Island Whaling Co.,	60,000

Upon the meeting of the board at Indianapolis in December following, these sales were reported by Dr. Coe, and although Mr. Farrington and myself both hesitated for some time, we finally confirmed them, and they were reported to the Legislature by the whole board, we were mainly induced to give them our sanction from the following considerations: The bonds had been delivered to the companies, to which they had been sold, and it was considered that it would be attended with much difficulty, for the agents of the State to again procure possession of them. A reversion of the contracts by a majority of the board, would it was thought, affect our credit with the purchasers of bonds, and increase the difficulties of making further sales. To have taken any steps to recover back the bonds, would have been likely to operate injuriously upon the institutions to which they had been sold, and render them less able to pay for them, in the event of our being unable to get the bonds. In addition to the reasons presented by these considerations, Dr. Coe had great confidence in the sufficiency of the securities which he had taken for their payment, and after a careful consideration of the whole matter, Mr. Farrington and myself came to the conclusion that a refusal to ratify the sales, would be more likely to operate to the prejudice of the State, than the opposite course. I would observe in justice to Dr. Coe, that neither of the

other members of the board attributed to him any improper motive, whatever in making those sales.

We only feared that his anxiety to procure funds for the prosecution of the public works might have induced him to part with the bonds without sufficient security to insure a certainty of payment.

The bonds were sold at least 10 per cent higher than the ordinary market price of our stocks, and the sales would have been highly advantageous, had payments been made according to the terms of the contracts. I would further observe in relation to these sales that at the meeting of the board at Indianapolis when Mr. Farrington and myself manifested some hesitation about confirming them, Dr. Coe proffered to take the contracts individually, and become responsible to the State for the payment of the bonds at 90 cents to the dollar, which was then about the market price of the bonds. We however declined making an arrangement of that kind. The last sales before that time to the Morris canal and Banking company had been made at that price, and I think none have since been sold higher.

The amount due from the Erie county Bank, New York, was subsequently paid, and also, \$10,000 of the amount due from the Pontiac Railroad company—leaving now unpaid the debt of the Staten Island Whaling company, and \$90,000 from the Railroad company.

Interrogatory No. 2, by Mr. Hannegan.

What amount of State bonds did you dispose of as fund commissioner—to whom—and what amount of money was received from such sales?

Reply.

In answer to this question I append the following statement of the bonds sold during the term of my service as a fund commissioner, with the amount received on the same—and the amount now due—and to whom sold.

Date.	Am't. sold.	To whom sold.	Am't rec'd.	Am't. due.
Jan. 20, 1837,	\$30,000	Christmas, Livingston & Co.,		
	-	-	\$30,000,	
Oct. " 2,000,000		Morris canal & Bank'g Co.,		
	-	-	2,034,000,	
June, 1838,	40,000	Staten Island Whaling Co.,		
	-	-	40,000,	
July 6, "	300,000	Bank Western New York,		
	-	-	60,000,	
Oct. 24 "	100,000	Bank of Erie co. N. York,		\$240,000
	-	-	100,000,	
" "	100,000	Detroit & Pontiac R. R. Co.,		
	-	-	10,000,	90,000

Nov. 16, "	60,000	Staten Island Whaling Co.,	60,000
" 28, "	1,200,000	Morris Canal & Bank'g. Co., }	
	- -	- - - 1,180,000, }	
	<hr/>	<hr/>	<hr/>
	\$3,830,000	\$3,454,000	\$390,000

From the foregoing table it will be seen that during the period of my service, there were sold bonds amounting to \$3,830,000, upon which the State has received in cash, \$3,454,000. The circumstances under which two of the debts now due the State were contracted, I have explained in a previous answer.

Interrogatory No. 3, by Mr. Ritchey.

Do you know whether Dr. Coe or any other agent of the State of Indiana had any connection with any banking or corporate institution during the period of such agency? If so, what was the nature of the connection?

Reply.

I have no knowledge of any connection of Dr. Coe or any other agent of the State with any banking or corporate institution, except an agreement made by Dr. Coe with the Staten Island Whaling company to pay \$1,000 of their rent to the State of Indiana in consideration that the company would allow him one third of their profits. This agreement was made by him with that company to induce them to pay the State \$5,000 per year for the rent of the sperm factory owned by the State in Brooklyn. Some agents of the State were stockholders in the State Bank of Indiana; but I presume the committee do not refer by their questions to such a connection.

Interrogatory No. 4, by Mr. W. J. Brown.

Do you know what was the price of the stock of the Morris Canal and Banking company at the time you in connection with other fund commissioners, sold bonds to them?

Reply.

The stock of the Morris Canal and Banking company was generally quoted at about from 50 to 60 cents to the dollar at the time I was a member of the Board. The low market price of the stock however, was not regarded as evidence of any embarrassment in the affairs of the institution. The large amount invested by the company in their canal, being about \$3,000,000, was one prominent reason why its stock was lower than that of other banking institutions.

Interrogatory No. 5, by Mr. Davis.

Do you know that Dr. Coe was elected Director of the Staten Island Bank for the purpose of enabling the bank more readily to make purchases of the bonds of the State?

Reply.

Dr. Coe was not elected a director of the Staten Island Bank until after my connection with the Board ceased, and it was quite recently that I learned he was a director. I am unable to inform the committee what was the object of his election.

Interrogatory No. 6, by Mr. Ritchey.

Were any bonds sold to the Morris Canal and Banking company after their failure to pay promptly for bonds previously sold to the company by yourself and colleagues, or any of your predecessors or successors? and if so, to what amount?

Reply.

No bonds were sold by myself or either of my associates, or any of my predecessors, to the Morris Canal and Banking company after a failure to pay promptly for bonds previously sold. Up to the period of my resignation, all the contracts of the company had been promptly complied with, and she is not now indebted to the State one cent for bonds sold while I was upon the Board.

Interrogatory No. 7, by Mr. Ritchey.

What connection existed between the bank of the United States and the Morris Canal and Banking company?

Reply.

I do not know of any connection existing between the United States Bank and the Morris Canal and Banking company, except that I have understood for some years, that the United States Bank owned a large amount of the stock of that company.

Interrogatory No. 8, by Mr. Ritchey.

Do you know of the sale of any "Informal bonds?" Were they ever returned to the fund commissioners in exchange for other genuine bonds? In what did their informality or defect consist? What is the whole amount of them, and by whom were they retained, and on what pretense?

Reply.

In the summer of 1838 the fund commissioners made an arrangement with the Rothschilds of London to send out a quantity of bonds with permission to draw upon them to a limited extent until they could be sold for a specified amount. In pursuance of this agreement, bonds were sent out to the amount of \$1,000,000. The Rothschilds objected to these bonds as being informal, because they were executed prior to the time at which they bore date: also, because the day of their date was Sunday, and because they conceived the bonds did not express with sufficient precision, the obligation of the State to pay the principal in London.

The bonds were post dated to 1st. July in order that the interest upon all the bonds should be payable at that date. The Messrs. Rothschilds having desired that these bonds should be exchanged for others not liable to the objections urged, the Board wishing to satisfy their scruples, and although they regarded them as futile entirely, consented that the exchange should be made. No exchanges were made however until after I resigned. I have understood, however, that \$390,000 were placed in the hands of the Morris Canal and Banking company to be forwarded to London to make the exchange, but that company instead of forwarding them, made use of them for their own purposes. It is stated however in the report of Mr. Noble, Fund Commissioner, that the most of those bonds have been returned.

Interrogatory No. 9, by Mr. W. J. Brown.

State the whole transaction of the sale of three hundred thousand dollars of the State bonds to the Western Bank of New York, and the securities taken including the mortgages by the Georgia Lumber company.

Reply.

In June, 1838, the Board received an application from some gentlemen on behalf of the Western Bank of New York for the sale of \$300,000 of State bonds. In addition to the security of the bank, they proposed to transfer mortgages upon lands in Georgia owned by the Georgia Lumber company, and which were stated in certificates purporting to be signed and sworn to by a number of State officers in the State of Georgia, to be worth over a million of dollars.

The board after making extensive enquiries in regard to the character of the gentleman who had the control of the Bank, received the most satisfactory assurance of their integrity and responsibility; and ascertaining also that all the stockholders in the Georgia Lumber company, (many of whom were persons of considerable wealth,) were made individually liable by the charter for all the obligations of the company. They thought the security offered, sufficient to secure the State against loss, and consented to the sale. Before the contract was consummated, or the bonds delivered, I returned home leaving my asso-

ciates in New York, by whom the securities were taken, and the business closed.

Interrogatory No. 10, by Mr. Ritchey.

Do you know of the fund commissioners negotiating loans with the Branches of the State Bank of Indiana, for the purpose of carrying on the system of Internal Improvement? If so, by what authority of law?

Reply.

No loans were negotiated with any of the Branches of the State Bank of Indiana by the fund commissioners, for the purpose of carrying on the system of Internal Improvements, during the time I served on the board. An arrangement was made with several of the Branches to pay the contractors upon the several lines for work done, and they were reimbursed by drafts of the fund commissioners upon the funds of the State in the Eastern cities.

The Banks made the payments from 60 to 75 days before they received the funds of the State, and the exchange upon the east, was regarded as a compensation, for the risk, trouble, and expense of making the payments and the interest upon the money for the period it was advanced. I have understood, that since I ceased to serve as a fund commissioner, loans have been negotiated with some of the Branches, or advances made by them, to aid in paying interest upon the public bonds, but with the nature of the transactions, I am not acquainted.

SAMUEL MERRILL was then sworn by ——— Soule, Esq., and interrogatories propounded to him by Messrs. Brown and Hannegan with leave to reply at some subsequent meeting of the committee.

On motion,

Committee adjourned to meet again on Wednesday evening at 6 o'clock.

HALL OF THE HOUSE OF REPRESENTATIVES, *Dec. 29th, 1841.*
Wednesday evening, 6 o'clock, P. M.

Committee of investigation met agreeably to adjournment, and proceeded to business.

Present, Messrs. Cooper, Davis, Defrees, Marshall and Mr. Chairman.

Absent, Messrs. Brown of D., Ritchey and Simonson.

John Woodburn, John King and Nathan B. Palmer, were sworn by

Joshua Soule, Esq., and interrogatories propounded to them, with leave to reply at the next, or some subsequent meeting of the committee.

Interrogatories were also propounded to Caleb B. Smith with like permission.

Committee adjourned until Thursday evening at 6 o'clock P. M.

HALL OF THE HOUSE OF REPRESENTATIVES, *Dec. 30th, 1841.*

Thursday, 6 o'clock P. M.

Committee of Investigation met pursuant to adjournment, and proceeded to business.

Present, Messrs. Brown of D., Cooper, Davis, Defrees, Marshall and Mr. Chairman—6.

Absent, Messrs. Brown of M., Ritchey and Simonson.

Thomas H. Blake read his testimony to the committee, which is here filed, and *Marked (A.)*

A

Testimony of THOMAS H. BLAKE, read before the investigating committee of the House of Representatives, December 30th, 1841.

The answers of Thomas H. Blake, to the questions propounded to him by the committee of investigation of the Senate, and submitted also, to the committee of the House.

I was appointed a member of the board of Internal Improvements in February, 1836, and in March following was qualified and took my seat on the board. The other members of the board were David Burr, Samuel Lewis, James B. Johnson, David H. Maxwell, John Woodburn, Elisha Long, John G. Clendenin, and Samuel Hall, all of whom were then present except the last. In the fall of 1836, Mr. Hall resigned, and was succeeded by Amos Clark, who was succeeded by John A. Graham, and Mr. Burr was succeeded by Daniel Yandes, and Mr. Yandes, by A. F. Morrison.

The plan of operations agreed upon, and in December following, submitted to the legislature in the annual report of the board, was not suggested by me. The same was unanimously adopted by the board, and although I do not desire any exemption from a just responsibility, I am unconscious of any claims to the paternity of that plan.

The reasons which governed the board in the adoption of this policy, are explicitly stated in the report referred to, and perhaps it will suffice to say, after this general reference, that the representative character of the act to establish the system of Internal Improvements, and the express letter of it, seemed to contemplate and render una-

voidable, even in the incipient action of the board, extensive operations to be brought home to the geographical sections of the State, and I may add, that after this, the applications to the board from almost every part of the State, frequently, and sometimes angrily made, for operations still more extensive, and the repeated rejection by the legislature, of propositions to classify the works or confine the action of the board within a more limited sphere, and the efforts in that honorable body to enlarge the system to several millions more, indicated any thing but a mandate to the board to stop in that career, which ultimately, under a change of the times and a series of misfortunes to the State, over which the board had no control, it was impracticable for them to carry out. It should also be recollected, that the legislature in those days, would sometimes exercise their paramount authority in giving specific instructions to the board, the tendency of which was the enlargement of operations, and it is not known to me that any were given in any case of a restrictive character. I have availed myself of the occasion to disturb this recollection, with no view whatever of manifesting any disrespect to the highest constituted authorities of the State, or to any member of this committee, but to ask in all humility, once for all, whether the members of that board, for their acts thus sanctioned, should be made the general rallying point of attack and handed over as victims to propitiate the public wrath.

In further compliance with the law, the members of the board were appointed acting commissioners of the works contiguous to their respective abodes, and were delegated with all the power of the board, to carry out the instructions given to them by that body, subject, however, to an appeal to it in any case of dissatisfaction by any contractor or citizen.

When work was done by a contractor, he was furnished with an estimate of it, by the resident Engineer on the line, for which, (after deducting ten per cent. on canal work, and fifteen per cent. on roads and rail ways to indemnify the State in case the contract should be abandoned,) the acting commissioner gave the contractor a check on the bank, payable to order, which check, with the estimate attached thereto, was presented to the bank and *there* paid, under a regulation prescribed, and an arrangement made by the fund commissioners.

The members of the board were not permitted to check for any money, to pass through their own hands, except for the amount allowed by the board in general meeting, as being nearly sufficient for the payment of the engineers, on their respective lines, their own salaries, and to meet such contingencies as were unavoidable to the nature of the service, and for such disbursements and allowances of all kinds, they were required to make quarter annual reports, accompanied by vouchers for every item of expenditure. It will be perceived by this arrangement, the only one which obtained whilst I was a member of the board, the members of it could never have large balances on hand, although it sometimes appeared otherwise in the statements of their accounts, when, for instance, payments had been made

for construction, the amount of which had been charged to them in account, (although not a cent had come into their hands,) and the vouchers which would cover them had not yet reached the common point of destination.

I do not know that any member of the board ever speculated upon the public funds, either as capital in trade or in any other way, or applied more to his own use than he was strictly entitled to, nor am I prepared to say that I have any right to suspect any of them of so doing, but in this statement I must except the case of Mr. Burr, whose defalcation was made known to the legislature by the board, when the discovery was made.

I do not know that any location of public work, or part thereof, was made or changed with a view of enhancing the value of the private property of any member of the board, or engineer.

I do not know, nor have I been furnished with any reasons to induce me to believe, that any member of the board of Internal Improvements was ever governed or influenced in the lettings made by him, by views of private interest, contrary to the public good.

I do not know, nor have I any reason to believe, that any of the superintending officers of the public works, accepted bribes or connived at any fraud upon the State, of allowances to contractors of more than they were entitled to, except in the case of E. M. Beckwith, whose frauds were discovered after I ceased to be a member of the board.

The acting commissioner on the Madison and Indianapolis Railroad, at the time the hill at Madison was put under contract, was John Woodburn. I never have been at this point of the public works, nor can I say how it affects the property contiguous thereto, nor to whom that property belongs; nor can I say that any other mode of improvement would have been better than the one adopted, having relied, in my course touching it, upon the reports of H. M. Petit, the principal engineer on roads and rail ways at the time, and on the representations of the commissioner on that line. The total cost of the cut at that point, and of the embankment and culvert beneath the hill, according to information furnished by the engineer department, is about \$275,000.

I do not know upon whose recommendation Mr. Beckwith was originally employed. He was continued in service on the recommendation of Mr. Woodburn, and in the absence at that time of any proof of his dishonesty; nor do I know any thing about his having received bribes, and made false estimates, except from conversational statements of recent date. Nor do I know how he was discovered nor by whom. These occurrences took place at an after time to my services on the board.

I have no reason to believe that any member of the board, or engineer, except as stated above, ever connived at the allowance of higher wages to contractors than the contract price, or connived at lettings being made at a higher rate than the market price of such work.

I do not know that any member of the board of Internal Improvements, at any time, made lettings to a greater extent than ordered by the board, but in some cases, the contract price of the work and expenditures, greatly exceeded in the aggregate, the appropriations made by the board.

I cannot say that any allowances were made to any of the members of the board for extra services any further than this, that it is my impression that some travelling expenses of small amount were allowed in some one or two instances, whilst the individuals were out of the State on business of the board, and when no per diem allowance was made or charged by them. A reference to their accounts on the files of the board would doubtless show the facts.

The board delegated to the members whilst acting on their respective lines, all the power of the board as far as it was necessary to enable them to carry out the duties confided to them, but nevertheless, all their acts, when brought before the board in general meeting, were subject to the adjudication and control of the board, so far as then practicable. Among other matters of investigation, the various lettings were of course prominent objects of interest, and the board would have rescinded any letting or contract upon the discovery of just ground to suspect favoritism or unfair dealings of any kind. I recollect one very important case in which there was no favoritism or unfair dealing imputed, and in which the board totally rescinded the contract as being in their opinion, in some of its bearings, incompatible with the public interest. I allude to the contract for the purchase of ground for water power, at the dam at Delphi, on the Wabash and Erie canal, made with a citizen of Ohio.

I do not know nor have I any reason to believe that any lettings were secretly or unfairly made by any member of the board, with a view to securing profit to himself or friends.

I do not know that any contracts were taken on the public works by any member of the board, except the contract for a portion of the water power at Indianapolis, in which Mr. Yandes was a party. This case was particularly inquired into by the board, and upon the facts being spread before them, the whole proceeding was deemed to be perfectly fair and correct.

I do not know that any member of the board was at any time secretly interested in any letting made by him or by any other member of the board, upon the public works.

I do not know that any member of the board was at any time, directly or indirectly engaged in any speculations in lands or town lots on any line of public work; and as this is one of the charges which "rumor" has brought against me, I beg leave to state emphatically that I never was directly or indirectly, engaged in any such speculation, and that whilst a member of the board, I never for myself or others, purchased a foot of land on any line of public work, or any where else, either with the public money or my own, or became interested in any such purchase. In obedience to the other branch of the question I have to state, that I have been informed that some of the local En-

gineers on the lines of work, I had in charge, made purchases on or near the same, *after the work had been permanently located.*

In making contracts with the contractors, there never was in any case, any direct or conventional understanding between them or any of them and myself, that they should give orders to their laborers for goods on my store, nor did I ever buy up the estimates of any contractor or contractors at a less price than their face and the amount for which they were given. I in some instances took estimates from contractors and others in payment for debts to my store, when I could not get the money, but I never speculated in them. When I was appointed a member of the board of Internal Improvement, it was entirely unexpected to me, not having made any application for the appointment or authorized my name to be used. I was then engaged in mercantile business, and so continued. My dealing with contractors was conducted upon the same footing of other customers, and I never in any instance nor in any manner made use of the power of office to secure their custom, nor in any case did I ever withhold their estimates to secure the payment of any debt due me.

I do not know of any instance in which the funds of the State have been either directly or indirectly made use of to purchase at a discount or otherwise, the depreciated paper of the Bank of Michigan, or of any other State, to pay out to contractors or laborers on the public works or any of them, and from the explanation herein given of the mode of disbursement by the members of the board of Internal Improvement whilst I was a member of that body, it will appear that this could not very readily happen to any of them.

In conclusion I have to state, that I uniformly availed myself of the earliest opportunity to settle my accounts touching all the public works upon which I was the acting commissioner, and that on final settlement the small balances against me were forthwith paid over, and my accounts closed.

THOMAS H. BLAKE,

Indianapolis Dec. 27th 1841.

James Farrington submitted his replies to interrogatories propounded on the 23d inst. which are here filed, and *Marked (B.)*

B

TESTIMONY OF MR. FARRINGTON.

DECEMBER 30, 1841.

Interrogatory No. 1, by Mr. Hannegan.

Were you at any time acting as one of the Fund Commissioners of the State of Indiana? Who were associated with you? Do you know of any of the bonds of the State having been sold or otherwise disposed of by any agent of the State without the authority of law, or the assent of his associate? If so, state by whom, to whom sold, to what amount and at what time?

THE ANSWERS OF JAMES FARRINGTON TO THE INTERROGATORIES OF THE INVESTIGATING COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

Answer.

I was—I received my appointment of Fund Commissioner, April 23d, 1838, and continued in office to the 1st of March, 1839. Isaac Coe and Caleb B. Smith were my associates.

The only cases that occurred to my knowledge, were the sales made by Dr. Coe, to the Erie County Bank of \$100,000; the Pontiac Railroad Company \$100,000, and the Staten Island Whaling Company of \$60,000. They were made under the following circumstances: At the time of my leaving New York for Indiana, the 4th of August, 1838, Mr. Smith having left the preceding month, Dr. Coe inquired of me what instructions I would leave with him for negotiating further sales of State Bonds, when I informed him I would give my assent to any sales he might make to the agent of the Rothschilds, Morris Canal and Banking Company, American Life Insurance and Trust Company, or Prime, Ward and King, to the amount of \$1,200,000—a part to be retained in escrow, and other security taken, but that before any sales were made to the new Banks, under the late banking law of New York, a majority of the board must pass upon them. And I was to leave there in writing with him, and also at Dr. Coe's request, was to communicate the same to my colleague, Mr. Smith, together with my views touching the latter part of these instructions, as Dr. Coe and myself differed in our opinions, and he was also to address Mr. Smith upon the subject. Being otherwise engaged up to the last moment of my leaving New York, I deferred committing these instructions to writing until my arrival at Baltimore, when I wrote him to that effect; a copy of the letter I did not take, but by Dr. Coe's letter to me of the 8th August in reply, the authority I gave him is stated. A copy of so much of that letter as relates to the same is hereto appended, marked A. It is proper to remark

that the first paragraph relates to remittances made to pay the instalments on the Baltimore and Ohio Railroad stock owned by the State. On my arrival at Indianapolis I addressed a letter to Mr. Smith, under date the 14th August, (having commenced it at Richmond,) communicating my views upon the matters in difference between Dr. Coe and myself, the rough draft of which letter I have;—it is not a literal copy of the one sent, but contains in substance my views as made known by it, a copy of which is hereto annexed, marked B. Mr. Smith, under date the 19th August, 1838, wrote me in reply upon this subject; a copy of so much of said letter as relates thereto is hereto attached, marked C. Dr. Coe, under date the 27th October, “at New York informed me by letter, post-marked the 29th,” of these sales, and that he had contracted to deliver the bonds on the 15th November. This letter was received on the 9th November, answered on the 10th, without approving the sales, and they remained without confirmation until the meeting of the Board in December, at Indianapolis, when the matter was, by Mr. Smith and myself, held for some time under consideration. We were neither of us willing to ratify them, and without hesitation they would have been rejected, but that the bonds had been delivered. But reflecting that the dangers to be apprehended from these institutions had already been incurred, and the difficulties attendant upon repossessing ourselves of the bonds, if these associations were not responsible, and the effect such a proceeding would be likely to have upon the character and credit of the State, the Board most reluctantly came to the conclusion, that it was most advisable the sales should be confirmed, and accordingly they were by Mr. Smith and myself. It is due to Dr. Coe to say, that no sinister motive was attributed to him in making these sales;—my impression was, and had been for some time, that he reposed too much confidence in these associations; and that his solicitude to make the most advantageous sales for the State, as to price, led him often times to incur too great hazard. The price given by these Banks being par, was at least ten per cent. above the market value of our bonds, and consequently was that much clear gain to the State, when the contracts were complied with. At the time these sales were under consideration by Mr. Smith and myself, and before they were confirmed, Dr. Coe offered to take these contracts, at the market price of the bonds, and negotiate them at his own risk, if the board would permit him to do so; but the Board did not conceive themselves authorized to accede to such a proposition.

Interrogatory No. 2, by Mr. Ritchey.

Have you a correspondence in your possession which passed between Dr. Isaac Coe and yourself, while acting as Fund Commissioner? If so what is the nature of that correspondence, and does it disclose any fraudulent transactions on the part of Dr. Coe, or any of the Fund Commissioners?

Answer.

This is fully replied to by the preceding answer, setting forth the correspondence between Dr. Coe and myself. I know of no correspondence between Dr. Coe and myself disclosing any fraudulent transactions on the part of Dr. Coe or any of the Fund Commissioners.

Interrogatory No. 3, by Mr. Hannegan.

What amount of State bonds did you dispose of as Fund Commissioner, to whom, and what amount of money was received from such sales?

Answer.

The following table shows the amount of State bonds sold during my continuance in office as fund commissioner, in conjunction with my associates, to whom, and amount received, viz:

Date of sale.	Date of bond.	Amount.	To whom sold.	Rate of Interest.	Rate of sale.	Proceeds of sales.	Amt. received.	Amount due.
Jany. 11, '38.	July 1, 1838.	40,000	Staten Island Whaling Co.	5 pr. ct.	100	40,000	40,000 00	
July 6.	do.	300,000	Western Bank, N. York.	do.	100	300,000	60,000 00	240,000 00
Oct. 24.	do.	100,000	Erie County Bank.	do.	100	100,000	100,000 00	
Oct. 24.	do.	100,000	Detroit & Pontiac R.R. Co.	do.	100	100,000	10,000 00	90,000 00
Nov. 16.	do.	60,000	Staten Island Whaling Co.	do.	100	60,000	180,000 00	60,000 00
Nov. 28.	do.	200,000	Morris Canal & B'king Co.	do.	90	180,000	1,000,000 00	
Nov. 28.	do.	1,000,000	do.	5 stlg.	100	1,000,000	708,000 00	92,000 00
Jany. 18, '39.	Jany. 1, 1839	800,000	do.	do.	100	800,000	207,724 20	152,275 80
		400,000	do.	5 pr. ct.	90	360,000		
						\$2,940,000	\$2,305,724 20	\$634,275 80

Mr. Smith, prior to the approval of the sale of the 13th of Jan. 1839, resigned his seat as a member of the board. Two of these sales upon which payment has not been made, viz, the Detroit and Pontiac Railroad Company, on which is due 90,000 dollars, and the Staten Island Whaling Company, on which is due 60,000 dollars, are those set forth and explained in my reply to the second interrogatory. For the payment of the first, five bonds were given by the Detroit and Pontiac Railroad Company, dated 6th November, 1838, payable at New York, for 20,000 dollars each, with five per cent. interest, payable 1st May, 1839, and monthly thereafter—secured by the old Bank of Pontiac, Michigan, and the Exchange Bank of Buffalo. For the payment of the Staten Island Whaling Company, four bonds of the Company were taken, endorsed by seven directors individually, each bond being for 15,000 dollars, bearing interest at per cent., payable in nine, ten, eleven and twelve months after date, which was the 16th November, 1838—secured by 60,000 dollars of the stock of the Staten Island Bank, then at par.

The sale to the Western Bank of New York, and the Western Bank New York at Rochester, of 300,000 dollars, of which 240,000 dollars is unpaid, was payable, 50,000 dollars on the 1st January, 1839, and a like sum monthly thereafter, with five per cent. interest until the whole amount was paid, and for the payment of which, the said banks gave their bonds in the sum of 600,000 dollars; and the Georgia Lumber Company also gave their bond for the same amount, accompanied by mortgages on their lands in Georgia, consisting of 306,900 acres, situated in the counties of Telfar, Pulaski, Laurens and Montgomery, to secure the payment of the same. The purchasers exhibited with their evidences of a claim of title to the lands and freedom from incumbrances, a certificate of the value and description of these lands as they are situated in the different counties, also of the description and value of the improvements thereon, the latter estimated at 200,000 dollars, and the value of the lands and improvements at over 1,000,000 dollars. This certificate of valuation was signed, and I am quite positive it was *sworn* to by these persons who describe themselves, one as the sheriff, another as the clerk of the supreme court, and the last as one of the justices of the inferior court of the said county of Telfar. The copy of the certificate of valuation with the present fund commissioner, is not a copy of the *original* one, but a copy of a copy. They also exhibited a copy certified as true by the Secretary of the State under the seal of State of the act of the State of Georgia, incorporating said company, one of the provisions of which is, that the members of said company are liable in their individual capacities for the contracts of the company. A list of the persons who were members of the company at the time, was furnished by the secretary of the Co., embracing some 35 persons, several of whom from inquiry, were ascertained to be men of known wealth and respectability, residing principally in Maine, Massachusetts and New York. The originals of these several papers were filed in the office of the fund commissioners in New York, of which Dr. Coe had

the charge, and were not taken therefrom, to my knowledge, during my continuance in office.

This Georgia Lumber Company was a party in interest in these Banks, of which Elisha B. Strong, of the city of New York, and formerly of Rochester, was President, and A. M. Shermerhorn, of New York, was Cashier, of the Bank at New York; and Frederick Whitlesey was President, and Simeon B. Jewett Cashier of the Bank of Western New York, at Rochester. Previous to this contract being entered into, references were given as to the character, &c. of these parties, to three persons of known character and standing, then in the city, two of whom I have forgotten, the other was Governor Seward, of New York. Dr. Coe and myself called upon him and the other two gentlemen, and received from him and them their views as to these men, particularly as to Strong and Shermerhorn, which were entirely satisfactory, as to their standing and means. These last I well recollect were represented as men whom they believed would enter into no engagement they did not in good faith mean to perform.

Under such circumstances, giving credence to the character of these parties as made known to us, and relying upon the evidences exhibited of the title and value of the lands and improvements, and regarding the securities as ample in almost every contingency, I was induced to yield my objections to this negotiation, (as I had for like reasons in the sale of the \$40,000 to the Staten Island Whaling Co.) as being made with associations organized under the late Banking law of New York, and join my colleagues in making this sale.

Of the invalidity of any of the papers exhibited at the time of the ratification of this contract, or that the mortgages did not embrace the lands upon which the improvements are situated, as described in the certificate of valuation, nothing transpired to bring the facts, if they do exist, to the knowledge of myself, nor do I believe to either of the members of the board, during our continuance in office. And if the lands contained in the mortgage do not include those upon which the improvements of the Company are made, it is owing to the fraudulent representations of the parties at the time.

Having stated the circumstances and considerations connected with the other Companies who are indebted to the State, and which governed the Board in contracting with them, it may not be irrelevant to state the reasons that influenced myself and my associates, as made known to me in their transactions with the Morris Canal and Banking Company. In doing so it is necessary I should premise that the purchases of State stocks in the New York market are generally made with a view to a resale in Europe. This is true of perhaps nine tenths of the State stocks annually sold, if those are excepted that have been bought to be placed in the new banking associations under the late banking law of New York. There is not spare capital, nor has there been, in this country, seeking such investment to take up a larger proportion than this of the amount annually offered for sale. The consequence is, that those who deal in stocks

extensively require time for the operation until they re-sell. Hence the credit that is required and given in all large sales of State stocks. In proportion to the amount is the credit, short or extended. In effect the purchaser does but a commission business; instead of contracting to pay when he sells, he stipulates for a time within which he can make a sale or obtain advances; the difference between the prices of stocks in this country varying very little, if any, from the exchange, and the regular charges paid on the negotiation of a sale. This being the case, the seller cannot rely alone upon the capital of the house he deals with, as his security; more than on this must he depend upon the capital of character to make good the operation. The same principle obtains in their transactions that guides the legislature, when it requires of a Fund Commissioner a bond of \$50,000 to insure the performance of his trust, and at the same time places millions in his power to dispose of.

This Company has had some of the most distinguished men in this country to preside over its operations, and the Board of directors for the last few years, and up to the time of these sales, collectively and individually, have generally been among the most respectable and business men of New York. Whilst the stock of the Company ranged low in value, (the market price I do not recollect, but I think not over 50 cents to the dollar at the time of the sale in January, 1839,) it has for the last few years negotiated some millions, and within the two years preceding this sale, had purchased and paid for to the State of Indiana, three millions two hundred thousand dollars of her bonds; and up to the time of this sale, January 1839, the last that was made whilst I was in office, it had in no instance within my knowledge, failed in its payments; but had frequently made advances to the State beyond the amount due by the contract. These considerations, with the known fact that the Bank of the United States at Philadelphia, (then in public estimation perhaps the highest in credit of any of the moneyed institutions in the country) had a large interest in this company, amounting if I recollect right, by the exhibit made by it, to over \$900,000, led me to place confidence in the Morris Canal and Banking Company. And after trying in vain to negotiate our loans through the Rothschilds and other houses in Europe, the Bank of the United States, and others, on terms equally advantageous as those offered by this Company, I did not hesitate to sanction this sale, the same having been negotiated by Dr. Coe before my arrival in New York from Indiana.

But for the revulsion that has taken place in the financial world, impairing the credit of all State stocks, as well as those of the moneyed institutions of the country generally, and in many instances prostrating them,—I still think the Morris Canal and Banking Company would, as she had hitherto done, have continued to fulfil in good faith her engagements to the State.

Interrogatory No. 4.

Do you know whether Dr. Coe or any other agent of the State of

Indiana had any connection with any banking or corporate institution during the period of such agency? If so, what was the nature of that connection?

Answer.

When the board agreed with John H. Smith and the Staten Island Whaling Company to lease them the sperm and candle manufactory in the city of Brooklyn, Dr. Coe thought the company should pay a rent of five thousand dollars per annum—they were not willing to pay over four thousand dollars. Dr. Coe then proposed to them that if they would pay the five thousand dollars a year rent for the premises, he individually would agree to pay them the one-fifth part of the rent, or one thousand dollars annually to the company, if they would agree to pay him one-third part of the annual profits of the company after deducting the salary of the superintendent of the manufactory—he having the right of transferring the benefit of this agreement to the State. This was acceded to by the lessees, and was the means of obtaining for the State one thousand dollars more of annual rent than otherwise could have been had. This individual stipulation on the part of Dr. Coe, was contrary to the advice of his colleagues, and was by the board in making the lease in no manner recognised as any part of their agreement. And afterwards, and when the annual report of the board was made to the legislature, Dr. Coe was desirous of tendering the benefit of this contract to the State, but not regarding it as properly forming a part of an official communication from the board to the legislature, Mr. Smith and myself were unwilling it should form a part of the report.

In connection with the above, I had no other information touching Dr. Coe's interest in the Staten Island Whaling Company, up to my return to New York, in the winter of 1839, when Dr. Coe stated to me—I think it was in February—of his being a stockholder in the Staten Island Whaling Company—of the amount of his interest he did not state; I believe he then represented the affairs of the company prosperous. He also stated to me about the same time, that he had, without his previous knowledge, been elected a director of the Staten Island Bank, and the reason assigned him for their doing so, was, that as Indiana was interested in knowing that the operations of the bank were prudently and safely managed, the directors had invited him to take a seat at their board, and that he had done so the better to protect the interest of the State. He did not state, nor had I any knowledge of his holding stock in the bank. At that time he said that the bank was prudently conducted, and doing a fair business. He also informed me that he had been enabled to effect a negotiation of the Potomac and Winchester Railroad bonds for the Staten Island Whaling Company, and that he had made something handsome by the operation—the amount he did not state, nor have I any knowledge. I will here remark that I except in all my answers stating any matters developed during the progress of the present investigation, and not pre-

viously within my knowledge. I know of no other connection Dr. Coe had with any other banking or corporate institution.

Interrogatory No. 5, by Mr. Brown.

Do you know what was the price of the stock of the Morris Canal and Banking Company at the time you, in connection with other fund commissioners, sold bonds to them?

Answer.

I have no other information than is stated in my answer to the third interrogatory.

Interrogatory No. 6, by Mr. Davis.

Do you know that Dr. Coe was elected a director of the Staten Island Bank for the purpose of enabling the bank more readily to make purchases of the bonds of the State.

Answer.

I do not know that Dr. Coe was elected a director of the Staten Island Bank for the purpose of enabling the bank more readily to make purchases of the bonds of the State. The whole of my information in relation to Dr. Coe being a director, is stated in my reply to the third interrogatory.

Interrogatory No. 7, by Mr. Ritchey.

Were any bonds sold to the Morris Canal and Banking Company after their failure to pay promptly for bonds previously sold to the company, by yourself and colleagues or any of your predecessors or successors? If so, to what amount?

Answer.

There was none to my knowledge, by myself or colleagues, nor am I aware of any by my predecessors or successors.

Interrogatory No. 8, by Mr. Ritchey.

What connection existed between the Bank of the United States and the Morris Canal and Banking Company.

Answer.

In my reply to the third interrogatory I have stated the large interest the Bank of the United States had in the Morris Canal. I know of no other matter going to show a connection between the Morris Canal Company and the Bank of the United States.

Interrogatory No. 9, by Mr. Ritchey.

Do you know of the sale of any "informal bonds?" Were they ever returned to the fund commissioners in exchange for other genuine bonds? In what did their informality or defect consist, and by whom were they retained, and on what pretence were they kept?

Answer.

In June, 1838, there was sent out to London by the Morris Canal and Banking Company a part of the 1,000,000 dollars of sterling bonds previously consigned to them for sale—they were sent to Rothschilds to be sold for the company. These were the first sterling bonds that had been executed. The Rothschilds on receipt of the bonds, advised of what might be regarded as defects in them, and might injure their sale. The defects stated were as follows, viz: being post-dated, the date being the 1st July, and the bonds having been received by them the last of June. 2d, that the 1st July was on the Sabbath. 3d, that the place for the payment of the principal was not sufficiently certain, that it might be doubtful whether it was payable in New York or London.

Our dollar bonds having been long known and negotiated by the Rothschilds, and no objection having been made by them that there was not sufficient certainty whether the principal was payable in New York; and their being no change in the form of the heading from that of the dollar bonds other than to substitute the words "Pounds sterling" for dollars, and "London" for New York, where it occurred, and the House of "N. M. Rothschilds & Sons" instead of the Morris Canal and Banking company, as where payable, it was thought much weight could not be attached to the objection by themselves. The bonds were dated the 1st July, as all our bonds had been, and as they were consigned for sale, and had not been sold previously, it was not to be expected they would be offered for sale before that date. Their arrival in London before that time was owing to the rapid passage of the steam ship by which they were sent. That the 1st of July fell on the Sabbath, formed no legal objection to the bonds; yet to obviate these objections, whether valid or not, the Board offered guaranties to each bond, or new sterling bonds, the latter being preferred by them; new bonds were executed early in the following year and sent to London afterward, to be exchanged for the informal bonds; in the mean time assurances were given that this would be done, which was satisfactory

to them. The new bonds were sent out through the Morris Canal and Banking company, who had negotiated the defective ones through the Rothschilds. None of these bonds were exchanged while I was in office. I am informed that some 700 bonds were exchanged, and that the residue had been appropriated by the Morris Canal and Banking company to its own use in breach of its trust.

Interrogatory No. 10, by Mr. W. J. Brown.

State the whole transaction of the sale of three hundred thousand dollars of the State bonds to the Western Bank of New York and the securities taken, including the mortgages by the Georgia Lumber company?

Answer.

My reply to the interrogations contains all the information I have upon the subject.

Interrogatory No. 11, by Mr. Ritchey.

Do you know of the fund commissioners negotiating loans with the Branches of the State Bank of Indiana for the purpose of carrying on the system of Internal Improvement? If so, by what authority of law?

Answer.

There was an agreement existing before I came into office between the Board of Fund Commissioners and the several branches of the State Bank of Indiana, in the vicinity of the lines of the Public Works, to disburse moneys to contractors and others. Under this agreement the Branches advanced funds for the payment of the estimates on the public works on average of sixty days, and received in payment at the expiration of the time, drafts on New York at par from the Board. By this arrangement the trouble and risk in making the disbursements, and the two months interest on the amount advanced, saved to the State, was considered as an equivalent to the premium upon the drafts. There was also some arrangement made between the Board and some of the Branches, for advances to pay the State's interest in January, 1839; it was after I went out of office, and cannot state the particulars.

Interrogatory No. 12, by Mr. Defrees.

State who made the compromise or settlement with the Cohens and Josephs, by which the State acquired the sperm manufactory in Brooklyn, commonly called the "Soap factory;" and if not by you, by what member of the Board that settlement was made?

Answer.

The compromise of the Cohens and Josephs' business was made by Dr. Coe previous to my coming into office.

Interrogatory No. 13, by Mr. Ritchey.

Did you ever hear Dr. Coe or any one of the other fund commissioners state that he had received to his or their individual use, the sum of ——— thousand dollars by any transaction, while acting as such commissioner?

Answer.

When I was in New York, in the winter of 1839, Dr. Coe informed me that he had made an operation with bonds and mortgages and State stocks, by which he had made \$10,000. My impression is that he was operating for third persons, and was to have what he could make, if he could obtain a certain description of securities. In this particular I may err in my recollection; I did not receive the impression that he was using the funds of the State in the transaction. He asked my opinion if there was any thing improper in his making the operation. I remarked to him that if he did not use the funds of the State for the purpose, he had a right to make the operation, but this I regarded it as impolitic for him to do so, as the public could not distinguish between his acts as Fund Commissioner and as Isaac Coe and that it would subject him to very unfavorable imputations. Sometime after I was out of office, the time I cannot recollect, Dr. Coe stated to me that he had invested the amount made in the above operation, in the Staten Island Whaling Company, and that he had lost it all.

A

Copy of so much of a letter of ISAAC COE, as relates to the authority given him to sell State Bonds.

“NEW YORK, August 8, 1838.

“JAMES FARRINGTON, Esq.,

Dear Sir—I this morning received your favor of the 6th, and regret that in the haste of putting up the funds for Baltimore, my endorsement on the draft was omitted. I have, however, written the Messrs. Cohens to open the package left with them, negotiate the Virginia paper and drafts, and have authorised them to endorse for

me the draft, and pay over the proceeds of the whole for the instalments due on the stock; the interest will about meet the discount, so that little or nothing will be lost.

"I received also, your consent to sell our State five per cents. sterling at par to the Agent of the Rothchilds; Morris Canal and Banking Co.; American Life and Trust Co.; or Prime, Ward and King, to the amount of \$1,200,000, provided a part is left in escrow and other security taken; and if offers are made by any of the new Banking Companies, not to sell *without* the authority of the Board.

"As to the first class of purchasers named, there is no probability of selling to either of them at par, at the present European prices, and should they rise so that it might be done on a credit, the condition of leaving in escrow and giving other security would be likely to prevent a sale. The only hope I should have of selling at par, is to the new banking companies, but it is hardly to be expected they would make such an offer, and leave it open while we should correspond, whether we would accept and agree on the security. And I should have little inclination to enter into such a negotiation, believing as I do, that none of them could offer such security as *you* would be willing to accept."

Yours,

(Signed,)

ISAAC COE.

B

Copy of a rough draft of a letter to C. B. SMITH, Esq., sent from Indianapolis.

RICHMOND, SUNDAY EVENING, Aug., 12, 1838.

CALEB B. SMITH, Esq.,

Dear Sir—I am thus far on my way home, having left New York on the 4th inst., spending part of two days at Philadelphia and Baltimore—have had a fatiguing journey, and am pretty nearly tired down, this being the 6th night without sleep, except as *enjoyed* in the stage. Nothing material has transpired in our official business since I wrote you. The negotiations on foot at that time, and when you left, eventuated in nothing. They would not give par, and the security that would be required would not be agreed to by them. When their decision was known we at once concluded that further negotiations had better be suspended for a few months, when a more favorable state of the European market as to our stocks may reasonably be expected. We therefore, set about arranging our business for a return home: upon reflection, however, Dr. Coe, thought it would be best for him to remain until after the September court at Baltimore,

and be personally present at the trial of the attachment case; also, that his attention would be required as to the Potomac and Winchester Bonds—he therefore remains. Before leaving, I agreed with the Dr. to address you a letter in relation to our views, or rather mine in regard to his negotiating the State bonds in my absence, and he was to do the like. I sat up all night before leaving, in signing bonds, a part of which were supposed to be executed before—this prevented my doing so at that time, and I now embrace a few moments, to give you in brief my views on the subject. I said to the Dr. and addressed him to the same effect from Baltimore, that he might sell at par our 5 per cent. bonds, on such terms as to payments, as should meet the requisitions of the board of public works, and on such securities as to him should be considered sufficient, retaining a part in escrow, to the Rothschilds, Morris Canal and Banking Company, the American Life and Trust Company, (Duer, President,) or Prime, Ward and King—but that in the event of any negotiation with any association organized or to be organized under the late banking law of New York, a *majority* of the Board must determine upon any proposition before it should be operative upon the Board, and that my assent could not be given except upon being made acquainted with the terms of each proposition that may be submitted from these last institutions. The Dr. thinks I err in this respect, and his views being opposite to mine upon this point, he wishes to exonerate himself in the matter by my making known my views, and he his, to you;—and it affords me pleasure to enable him to show the extent to which his interest for the State would prompt him to act, and to free him from all the consequences that may result to the State by an adherence to my decision, requiring the action of a *majority* of the Board upon each proposition in which these associations are parties, before the contract shall be binding upon the State. You know somewhat my distrust in relation to these institutions from the interchange of views while the \$300,000 proposition was under consideration. Time nor bodily or mental strength would not enable me fully to recapitulate them now, nor do I think you will require that I should, in order to determine for yourself. I will briefly mention a few. In the first place, I think more should be done by these bodies than merely a subscription for stock under their articles, and an organization by the choice of officers, before contracts to a large amount should be made with them; the bonds and mortgages and other securities to be taken in payment of these subscriptions should be filed and approved by the comptroller first; this has not yet been done by the New York associations, nor can it be completed for two or three months. The preparation in setting these bodies in operation, examining titles, incumbrances, valuations, &c., requires time. Until these steps are taken, their resources are not known, the character of their means cannot be judged of correctly. Suppose you contract before these securities are filed, and after the purchase they place with the comptroller our bonds; they commence operation with a debt, payable at short periods, to the amount of bonds sold. What are the means of

payment? Why dollar for dollar in paper; the amount of securities filed, except the 12 per cent. specie. Can this issue be safely made? No New York Bank has that circulation in good times, I believe. Will these bills be of a higher character than *Treasury Notes*? Is the security more complete? It strikes me that an issue of notes to discharge a debt contracted in this way, would be a dangerous experiment to venture upon, and might destroy its credit at the very outset. If the debt is not paid through the issue of notes, it will be by a pledge of its means elsewhere than with the comptroller or by negotiating its own bonds in Europe. Would it be good policy to place our bonds in that situation to be thus dealt with? and do you think the bonds of a company would be better than those of a State? Already has a part of the \$300,000 been offered for sale in New York since we parted with them. Of course if sold they must be less than par. It is bad policy to have our stocks offered for sale here by any but ourselves, if we mean to keep their credit at par. I am confident no sale can be made at par compelling the party purchasing to file them with the comptroller for banking purposes only. It is a stipulation no sound institution ought to make. It is not the means alone, but the capital of character these associations embody, that would influence my decision greatly in making a contract with them. Of the individuals composing them an estimate may at once be made; the character of the company must depend upon its resources and operations. However fair individually the stock-holders or directors, if the borrowers were likely to be principally among themselves, I should consider it a drawback upon the character of the company. It is said of the American Trust and Banking Company, that assurances that 80 per cent. of loans will be given stock-holders if desired. It seems to me that this would at once impair its credit at home and abroad. There are several other considerations that I cannot touch upon which I think should be passed upon by more than *one* mind. My own conclusion is this, as to the course to be pursued: Wait two or three months at least and see what effect the resumption of specie payments upon American securities in the London or European market will be. They ought to be as valuable in that market as at home; in the meanwhile more can be known of these associations. If, however, yourself and Dr. Coe are of opinion a safe contract can be made, I think it should be. I cannot say but I might be myself before then—but one of us I think should be in conjunction with him. The Dr. is apprehensive of overstocking the European market with the 2½ m's. of our bonds. I do not think we have cause for fear from that source. While our credit stands as fair there as other States, what have we to fear more than others? If it should happen that they are below par by the last of fall or winter, we can then decide whether it is best to sell or not, or earlier sales may be sooner decided on, on the receipt of favorable intelligence. Writing you as I do in great haste, I *am aware my ideas are not connected* as I could wish; you must therefore only use it as a line between ourselves.

(C)

Copy of so much of the letter of Caleb B. Smith as relates to the authority given Dr. Coe to sell State Bonds.

CONNERSVILLE, 19th Aug. 1838.

DEAR SIR—I received last evening your favor of the 14th, postmarked 17th inst., and have barely time briefly to reply to it before leaving home this morning for Brookville. I have received from the Dr. a letter of the 6th, enclosing copies of two letters from the Rothschilds, which were received since you left New York. From these letters it seems that the prospect is not as favorable in London as we anticipated, as they think our bonds cannot be sold there for more than 95. Should this be the case, it appears to me that we will do better to continue our sales at home of stocks payable in New York, so long as we can do as well as we have heretofore done.

They also object to the form of the bonds, as they think it is not sufficiently explicit in regard to the payment of the principal in London. I presume the Dr. has also furnished you with copies of these letters, and it will therefore be unnecessary for me to detail their contents. Taking every thing into view, I look upon the present prospects as very discouraging. If the objection in regard to the form of the bonds will depress the price in London, we must obviate it, either by sending new bonds, or by endorsing them in such manner as will remedy the defect.

I fully concur with your views in regard to the sales at home, and the necessity of requiring adequate security. It will not do to hazard too much in selling upon a credit, particularly to institutions barely organized, wholly untried, and without any character. I shall write to the Dr. immediately, expressing my concurrence in the views which you have expressed to him.

The situation of our business will require the presence of one or two of our Board at the East this fall. I think it would be well for us all to meet at Indianapolis as soon as the Dr. returns, in order to consult upon the steps necessary to be taken. If you know at what time the Dr. will return please inform me, and also what time will suit your convenience to be at Indianapolis, &c.

(Signed)

CALEB B. SMITH.

CALEB B. SMITH replied to interrogatories previously propounded, as follows, to-wit:

Interrogatory No. 12, by Mr. Defrees.

State whether you made the compromise or settlement with the Josephs and Cohens, by which the State acquired the Sperm manufac-

turing establishment in Brooklyn, commonly called the "soap factory," and if not, by what member of the board that settlement was made?

Reply.

The compromise and settlement of the claim of the State, on the Josephs and Cohens, by which the State acquired the Sperm manufacturing establishment, commonly called the "soap factory," was made by Dr. Coe, and reported by him to the board upon the arrival of Mr. Farrington and myself in New York, in the Spring of 1838. The Josephs and Cohens had failed, and Dr. Coe had made with them a conditional arrangement, subject to the ratification of the legislature, before my appointment as fund commissioner.

At the time the settlement was reported to the board, we had good reason to believe that it was the best arrangement and settlement that could have been made. I still entertain the same opinion, and believe that if that compromise had not been made, the State would have lost the most, if not all the debt.

Interrogatory No. 13, by Mr. Hannegan.

Do you know of any fund commissioner, or other officer in the employ of the State, having used for any period, the funds, bonds or credit of the State, for individual purposes. If so, state whom, at what time, to what amount, together with every thing connected with that transaction or transactions?

Reply.

I have no knowledge of any application of the funds, bonds or credit of the State, to private use or individual purpose, by any fund commissioner or other officer in the employ of the State.

Interrogatory No. 14, by Mr. Hannegan.

Did you receive a present of two hundred dollars from James F. D. Lanier whilst you were acting as fund commissioner? If so, state the circumstances connected with that transaction.

Reply.

When I first went to New York in 1837, after my appointment as a fund commissioner, I found Dr. Coe, one of my colleagues. J. F. D. Lanier, Esq., of Madison, Indiana, and President of the Branch Bank at that place, was also there, attending to business for the bank. After I had been in New York sometime, I went to Philadelphia for a few days to attend to some business for the State. While there, Mr. Lanier came over to the latter city, and in conversation informed me

that he had exchanged some funds belonging to the Bank on deposit, with the Morris Canal and Banking company for the post notes of that institution, and that he had received from the company a premium for making the exchange, amounting if I recollect right, to about \$500. He also stated that the post notes would be of more value to the bank than the funds on deposit, as they could sell them for as much as drafts on the deposit and save the interest, and as the fund commissioners were receiving a very limited compensation for their services, he had concluded to give \$400 of the premium he had received to Dr. Coe and myself; (Mr. Hanna, the other fund commissioner, was not then in New York.) He stated that he had given Dr. Coe \$200, and he then paid me the same amount.

The arrangement was made by Mr. Lanier entirely without my knowledge, as I knew nothing of it until he came to Philadelphia, and I believe, also without the knowledge of Dr. Coe. It was a transaction of his with the funds of the bank, having no connection whatever with the affairs of the State, or the duties of the fund commissioners. I have stated the circumstances as I learned them from him, as well as I can now recollect them.

Interrogatory No. 15, by Mr. Hannegan.

Did you at any time while acting as fund commissioner, receive any other present or gratuity, either directly or indirectly?

Reply.

In answer to the question, I will state I never did receive any other present or gratuity while acting as fund commissioner, either directly or indirectly.

INTERROGATORIES TO, AND REPLIES FROM SAMUEL MERRILL.

Interrogatory No. 1, by Mr. W. J. Brown.

Did you negotiate what is commonly called the bank loan with the Morris Canal and Banking company? and if so, who was connected with you in the transaction? And please state all the circumstances in relation to that loan.

Reply.

During the month of March, and most of April, 1839, there was no Board of fund commissioners in New York. At this time I was called on unexpectedly to sign an article of agreement on behalf of the State, which Dr. Coe, late fund commissioner, had arranged with the Morris Canal and Banking company for the sale of \$1,500,000 of State bonds for bank stock. This article having been signed on the part of the company on the 31st March, had been sent by mail to this place, and was to be binding if signed by me, and returned to New York on or

before the 20th April. I had just reached home from the South, and was immediately to leave for the North part of the State when I was notified of this article. After advising with Mr. Farrington, late fund commissioner from New York, and other friends, I concluded to set out immediately for New York and sign the article there, if on further inquiry and examination it should appear best to do so. I reached New York about 18th April, advised with Messrs. Coe and Stapp, (the latter of whom had been there but a few days) examined the sworn statement of the Morris Canal and Banking company made the February previously to the Legislature of New Jersey; asked and obtained explanation of this statement from the officers of the company, and all other means in my power to obtain satisfactory information. Dr. Coe was generally with me, yet I went alone to Mr. Halsey, Cashier of the New York Bank, to Messrs. Doremus, Suydam & Nixon, to the agents of the Ohio Life and Trust company in New York, Mr. Palmer of the Merchant's Bank, and Mr. Hamilton of Fort Wayne. The information, except from the two last, was favourable, yet from the whole circumstances, and the best lights I could get, I signed a contract, not without hesitation and reluctance, for the sale of \$1,000,000.

Interrogatory No. 2.

Have you at any time since you have been President of the State Bank, been a director in the Morris Canal and Banking company?

Interrogatory No. 3.

Have any of the persons connected with you in the sale of State bonds to the Morris Canal and Banking company at any time to your knowledge been directors in that institution, or from the acknowledgments of such agent?

Reply to questions Nos. 2 and 3.

I answer in the negative.

Interrogatory No. 4.

If any fraud or deception was practised upon you in any such sale, please state what, and all the circumstances.

Reply.

I am not prepared to allege intended fraud and deception against any one, yet I have complained of the conduct of Dr. Coe, and still think some of it was calculated to be injurious to the State, and to draw me into difficulty. I cannot say that I would not give credit to his denial of facts or circumstances, except where by mistake or failure of memory he may misrepresent them; but while I go thus far, I should not do justice to myself, nor give a fair answer to the question,

if I did not state the circumstances that influence my mind unfavorably.

He had while fund commissioner presented to the sinking fund Board, claims for services, and these were paid liberally on the allegation that the pay from the State was low, and that he was attending to no other business but that of the State. In the belief that he was the disinterested agent of the State, and that he possessed the means and inclination to obtain correct information, I placed much reliance upon the facts he communicated, but being afterwards informed that he was the owner of stock in the Morris Canal and Banking company, that he was a large stockholder and director in the Staten Island whaling company; and that he had acted as a broker in other matters, and having communicated them to him and received little or no satisfaction, I came to the conclusion that the proceedings in question tended to bring him in contact with associates not creditable to a fund commissioner of a State, and to a great extent prevented him from obtaining information important to himself and to his colleagues.

Interrogatory No. 5, by Mr. Hannegan.

Do you know of any public officer having realized any individual profit by the use or credit of the bonds or funds of the State? If so, state whom, how, to what amount, and the time when.

Reply.

I know of no fraud upon the State in its funds or bonds by any public officer. As to myself, I do not wish to say that in twenty years service I have not committed errors, yet if required by the committee, they can have all I recollect.

S. MERRILL.

On motion,

The committee adjourned until Monday, January the 3d, 1842, at 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,

Monday, January the 3d, 1842, 6 o'clock, P. M.

Committee of investigation met pursuant to adjournment, and proceeded to business.

Present—Messrs. Brown of Marion, Brown of Dearborn, Davis of Floyd, Defrees, Ritchey, Mitchell, and Mr. Chairman.

Absent—Messrs. Cooper and Marshall.

James H. Elliott, the Clerk to this committee, having this day resigned,

On motion,

The committee proceeded to the election of a Clerk to fill said vacancy, whereupon

Marshall M. Milford having received a majority of the votes given, was declared duly elected—was then qualified and entered upon his duty.

On motion of Mr. Davis of Floyd,

Resolved, That when the conduct of any fund commissioner, member of the Board of Public Works, or other person, shall be impeached by the answer of any witness before the committee, the person whose conduct is so implicated shall be permitted to propound such questions as he may think are necessary to such witness to explain such parts of said witness' testimony.

On motion of Mr. Hannegan,

Ordered, That all answers to interrogatories upon which time has been given be brought forward and submitted by Thursday evening next.

Mr. N. B. Palmer replied to interrogatories previously propounded, upon which time was given, as follows, to wit:

Interrogatory No. 1, propounded to N. B. Palmer by Mr. Defrees.

State whether or not you were acting fund commissioner by virtue of your office of Treasurer of State during any of the time that Milton Stapp was fund commissioner, and whether you approved his procedure or remonstrated against it, and whether a correspondence took place between him and yourself on the subject of the sale of State bonds? and if so, produce that correspondence.

Mr. Palmer answers interrogatory No. 1, by Mr. Defrees, as follows:

That he was acting fund commissioner with Gen. Stapp from the 1st of March, 1840, to the 9th of Feb. 1841. In relation to whether I approved of or remonstrated against his proceedings as fund commissioner, I refer to the annexed extracts of letters from myself to him, marked A., B., C., D., and E. My verbal intercourse with Gen. Stapp in relation to the sale of State bonds was of the same import and tenor of that contained in the extracts. The correspondence altogether is somewhat voluminous, and I have thought proper on that account to give such extracts only as would answer the interrogatory, but if the committee desire it, the whole correspondence will be communicated.

A

Extract of a letter from N. B. Palmer to Gen. Stapp, dated 8th June, 1840.

The proposition to buy our bonds and pay in our treasury notes, is so far as regards the price offered for the bonds, a reasonable offer;

but the law says we shall sell bonds only for cash. Will an acceptance of the proposition be in accordance with this restriction? If so, and the period for consummating the transaction be limited to a short time, say in six months, all should be paid complete, and the treasury notes be paid in equal proportion of notes of the denomination of \$5 and \$50, I am inclined to the opinion that the offer might with propriety be acceded to. It would be more in accordance with my views if the arrangement be made so as to avoid the sterling bonds and make New York bonds; but in no event should a bond be delivered without the payment in hand.

B

Extract of a letter from same to same, dated 10th June, 1840.

I stated in my note of yesterday that a sale of bonds to be paid in treasury notes, (at short time) might with propriety be made; and by your note just received, I learn that you have sold \$100,000 on those conditions. I think it will be well to refrain from further sales of this sort at present. It will be better to encourage those indebted to us to take up the notes for us. I am decidedly of opinion that we ought not to entertain the proposition to sell bonds for Ohio bank paper in the way mentioned. There is a *snare* in this manoeuvre.

C

Extract of a letter from same to same, dated 2d July, 1840.

I desire to reiterate my objection to giving new bonds in lieu of the informal ones retained by the Morris Canal and Banking company, and now in the hands of the U. S. Bank. I think it your duty to make formal demands for their surrender, and notice that Indiana will not hold herself bound for them in any way.

D

Extract of a letter from same to same, dated 1st August, 1840.

In the mean time I will continue to say that I do not feel myself justified in consenting to include the \$300,000 of retained bonds in any arrangement we may make with the Morris Canal and Banking company, which shall belong to it on credit, or consent to its retaining on credit those bonds. The act of last winter is peremptory against parting with bonds on credit; and as those bonds never have been sold to that concern, or any other, it will of course be out of the question to

entertain any proposition for an arrangement based upon an agreement for the sale or retention of those bonds on credit. But we ought to insist on their return to the commissioners, unless an arrangement can be made in relation to treasury notes, as suggested in my note to you from Logansport.

E

Extract of a letter from same to same dated, 26th of September, 1840.

You say that you will take the responsibility of making preparations for January. We should do most anything not positively forbidden by law, to save the honor of the State. But I feel as if it was the imperative duty of the fund commissioners to avoid all deal with irresponsible persons or corporations, and above all, on no occasion nor under any circumstances to risk or trust our bonds to the custody of such.— If we have to resort to temporary loans with security, let us *beware* with whom we negotiate: We have suffered enough in this particular.

Interrogatory No. 2. By Mr. Hannegan.

Do you know of any fund commissioners or other officers in the employ of the State, having used for any period, the funds, bonds or credit of the State, for individual purposes? If so, state whom, at what time, to what amount, together with every thing connected with such transaction or transactions.

In answer to Interrogatory No. 2, by Mr. Hannegan.

I state that I have no knowledge of any fund commissioner or commissioners of the board of Internal Improvement or any officer or agent of them or either of them, in the employ of the State, having used for any period, the funds or credit of the State for individual purposes.

N. B. PALMER.

Samuel Hanna and Samuel Lewis appeared, and were sworn, and
On motion of Mr. Brown of M.,

A series of Interrogatories were propounded, and time given them to answer.

On motion,

The committee adjourned until Wednesday evening at 6 o'clock,
P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,
Wednesday, Jan. 5, 1842, 6 o'clock, P. M.

Committee of investigation met pursuant to adjournment, and proceeded to business:

Present, Messrs. Hannegan, (Chairman,) Brown of D., Brown of M., Cooper, Davis Defrees, Marshall, Ritchey and Mitchell.

Mr. Yandes was sworn by William Sullivan Esq., and Interrogatory No. 1. propounded by Mr. Hannegan, and time given to answer.

Joseph Hendricks and William Hendricks, sworn by Wm. Sullivan Esq., and Interrogatories were propounded, and time given to answer.

Mr. John King then replied to Interrogatories previously propounded to him as follows, to-wit:

Interrogatory No. 1. by Mr. Davis.

Was Gen. Stapp the agent of the Madison company during any part of the time he was fund commissioner, or was he a member of the company, or was he a member under any contingency? if so, what? Have you ever stated that Gen. Stapp was the agent of the company, or that he had any authority to act for them, or that he had authority so to act from any member of the company?

Reply.

Gen. Stapp never was an agent for the Bond company to sell bonds, he never was a member of the company, nor was there any agreement that he was to be. I have no recollection of ever stating to any person that Gen. Stapp had any authority to act for our company. During the month of Dec. 1839, Gen. Stapp being fund commissioner sold for the State to the Binghampton Bank one hundred bonds; to the Staten Island Bank forty bonds; and to the Seneca county Bank forty bonds; in all one hundred and eighty bonds, of one thousand dollars each. The payment from each of these Banks was divided into six instalments, and fell due at various periods through the year 1840.—The last payment from each Bank falling due on the 1st Jan. 1841.—These payments were all to be in Western currency.

After making this sale, Gen. Stapp addressed a letter to our company from New York, asking us to take this sale on account of our contract with the State, so that the proceeds might be applied to the Madison and Indianapolis Railroad. After consultation on the subject, our company addressed a letter to Gen. Stapp declining to take the sale; shortly afterwards Gen. Stapp returned to Madison and again laid this matter before our company, and pressed us to take it, which we at length did by a special written contract, dated 31st Jan. 1840.—And as the company was bound in their contract with the State to give security for any bonds they might take on said contract, they on taking the above sale, left in General Stapp's hands for security, all the

notes and collaterals with the understanding that he as fund commissioner was to receive the payments as they fell due, and credit us with the same. This being the state of the facts, I possibly may have so expressed myself in relation to the matter, as to leave the impression (without intending to convey any such idea) that Gen. Stapp was our agent, but even of this I have no recollection. After paying twelve thousand dollars, the Seneca county Bank failed entirely, and the balance is a total loss to our company as we fear. This loss we have paid to the State as may be seen by our settlement with the late fund commissioner, dated 26th Jan. 1841. From the Binghampton and Staten Island Bank, Gen. Stapp received from each some of the first payments as they fell due, and gave us credit for the same, according to agreement. But after some of the first payments had been made, Gen. Stapp without our knowledge or consent, agreed with each of these Banks to extend the time of payment, on condition that they would pay him Eastern instead of Western funds, giving us credit at the time of the extension for the same. In this way Gen. Stapp received from the Binghampton Bank twenty-five thousand dollars, and from the Staten Island Bank about eighteen thousand dollars, Eastern in lieu of Western funds, which applied by him as he stated, to the payment of interest for the State, and was worth at that time, from eight to ten per cent exchange, on the first of Jan. 1841, there was due from the Binghampton Bank about twenty-five thousand dollars, and from the Staten Island Bank about twenty thousand dollars. These payments were by Gen. Stapp extended, as he had before done without our knowledge or consent, giving us however credit at the time of the extension for the same. In our settlement with him on the 26th Jan. 1841, whilst he was yet fund commissioner, we claimed as our right on all the above sums, amounting to more than ninety thousand dollars, but Gen. Stapp contended that as he gave us credit at the time of the several extensions, thereby taking the risk on the State and releasing us, that he could not allow us the exchange. These Banks being both quoted in the New York and Philadelphia prices current at par, and as we then and do still believe were good, we declined settling with Gen. Stapp, unless he would allow us the exchange we claimed, he then proposed if we would guaranty the payments when they fell due, of these last items amounting to about forty-five thousand dollars he would allow us the exchange; this we declined doing, but as we had already lost a large sum, and being anxious to close the whole matter, we agreed to settle with Gen. Stapp on his own terms, which we did on the said 26th Jan. 1841, and took up our bond with the following receipt endorsed on the settlement 66: "received the above in full on a final settlement with John Woodburn, William Hendricks, George W. Leonard and V. & J. King, the Madison bond company in fulfilment of their contract, entered into with myself and Lucius H. Scott, fund commissioner of the State of Indiana, on the 19th Oct. 1839, Jan. 26th 1841.

MILTON STAPP, *Fund Commissioner.*"

Also the following "received on a final settlement with John Woodburn, William Hendricks, George W. Leonard and V. & J. King the Madison company, they have paid to the fund commissioners the full amount for the two hundred and twenty-one thousand dollars of bonds purchased by them, as per my report of the 3d October 1840, which payment will more fully appear by our settlement of this day and the said contract with the fund commissioners of the 19th Oct. 1839.—The contract is rescinded, cancelled and annulled, and the bond is this day given up to said company, Jan. 26th 1841.

MILTON STAPP, *Fund Commissioner.*"

Notwithstanding our settlement with the late fund commissioner, and taking up our bond and his final receipt, as above almost one year since; the present fund commissioner has within a few days (as I am informed) brought suit against our company after having held the claims and the securities almost a year and after having brought suit in New York on the securities as we are informed, which he admits he thinks will be sufficient to return to the State the most if not all the bonds and perhaps more.

Interrogatory No. 2 by Mr. Davis.

What amount of State bonds have the Madison company received from the State, and what amount have they paid on them? Are they engaged in buying up the bonds of the State at present low prices with a view of returning them to the State, or has said company been so engaged or any member of it?

Reply.

I have, as agent of fund commissioners, received in all one hundred and thirty bonds, and delivered on my order in New York six more, total one hundred and thirty-six, which have been all applied through the company to payment of estimates on the Railroad; and for all of said bonds the company have paid the State eighty-eight cents to the dollar in estimates, as may be seen by account rendered the late and present fund commissioners. I, as agent, or the company have never received or had in possession any other or more bonds from the State. The company nor any member of it (so far as I know) are not buying and never have bought a State bond, with this exception, a little above one year since we did with our own funds purchase twenty bonds at seventy-five cents to the dollar, and returned them to the State in part payment of a loss on the Seneca county debt, (referred to in my answer to the first question) as may be seen by reference to our settlement with the late fund commissioner, dated 26th January, 1841.

Interrogatory No. 3, by Mr. Davis.

Have any contracts been made on the Madison and Indianapolis Railroad since the last session of the legislature, to be paid out of the

proceeds of the bonds sold to the Madison Company? If so, state the particulars of such contract or contracts, and what amount, if any thing, has been paid on contracts since the last session of the legislature. Is the State indebted to any contractor on said road on any contract which was to be paid out of the proceeds of the sales of the bonds to the company? If so, state to whom, and how much.

Reply.

Some contracts have been made as I have understood and believe, by the board of internal improvement, for embankment and superstructure on the Madison and Indianapolis Railroad, since the last session of the legislature, to be paid in State bonds, but at what prices the work was let, or the amount of contracts, I do not know, having never seen any of them. Some bonds have been paid on these contracts at eighty-eight cents to the dollar, and there are still estimates unpaid—the amount I suppose is known to the board or resident engineer. There has been within the last year some further contracts made for iron, spikes and chairs, to be paid in bonds—these last I think amount to thirteen or fourteen thousand dollars. These I think have been all estimated by the engineer and paid, which I understand have been reported to the legislature by the board.

There is another class of contracts between Vernon and Edinburgh, which were made for cash while the State was yet carrying on her general system. These were never relinquished. On these contracts during part of the year 1840 and the year 1841, payments have been made for estimates, principally in bonds at eighty-eight cents to the dollar; but a part were paid, two-thirds bonds at their face, and one-third money. The amount of these payments during the past year may be known by reference to the reports or books of the proper officer. Of these latter class of contracts there are a number of estimates and drafts in the hands of contractors, (the amount I do not know,) unpaid in consequence of the fund commissioner not furnishing the bonds as he had contracted to do. See agreement appended marked A.

JOHN KING.

A

The parties to the prefixed contract, having refused longer to continue it, and thereby incur the liability imposed by the special act in behalf of J. H. Hendricks, and having notified me of that determination, I have concluded it better to continue the arrangement than to rescind it, leaving the work now doing without provision for payment, and affording the contractors an opportunity to surrender the work and claim damages, and therefore said contract is extended to the first day of December, with the express understanding that the bonds or their proceeds are only to be applied to a continuation of

the payment of said estimates hereafter made by the engineer on the terms and in the manner agreed upon heretofore with the contractors, and that the within obligors have the privilege of returning any remainder of the bonds on or before that day, which may not be so applied. In like manner, the undersigned reserves the right of rescinding said contract on or before said first day of December. It is further stipulated by the undersigned, that the bonds are to be prepared and delivered to the parties from time to time, as the process of the work may require, and to no greater extent.

N. NOBLE, *Fund Commissioner.*

Madison, March 15th, 1841.

Nicholas McCarty then replied to interrogatories previously propounded to him as follows, to wit:

Interrogatory No. 1, by Mr. W. J. Brown.

Did you not at one time, send to Philo Hale, of the city of Washington, ten thousand dollars of the public funds?

Reply.

Every circumstance of Philo Hale having received ten thousand dollars from me, while I was fund commissioner, was fairly reported to the legislature, and also, investigated by the House of Representatives on a call made by me, in consequence of expressions of a member of the House, to have my official acts investigated. But as a question is now asked in reference to it, I will answer, that in 1832, the canal commissioners, in compliance with law respecting their duties, made a request of the fund commissioners for such amounts as they believed would be required at stated periods in that year, beginning, as well as I can recollect, without reference to the books of the office, in September, and going on perhaps, till December. The amount of the requisition was large. There was no banks in this State at the time through whom the business could be transacted, and the commissioners of the fund were left to their own discretion in transferring it from the East to the West, as would best serve the public interest. Philo Hale had for a considerable time before, been sending me military land scrip to sell or exchange into money for a specified commission which he paid me, and for a long time before, I was in the habit of making sales for him, and sending him the money from the West to Washington city, or such place as he might direct, and also, had it done in my absence from home. And at the time request was made for money by the canal commissioners, he had a large amount of scrip in this State, under my control, for exchange and remittance. Knowing the circumstance and the certainty of the money being ready, because the scrip could be sold for it if not exchanged; after coun-

ciling with one of my colleagues, I agreed to let Mr. Hale have ten thousand dollars in New York, for ten thousand dollars in Indianapolis, in sixty days, with interest, and at the current rate of exchange between the west and east, which was the half of one per cent. Interest and exchange were faithfully paid over for the use of the State. And I considered it the most advantageous way that amount could be got out for the use of the State, in the west. At the expiration of the sixty days the money was not wanted, as had been expected, by the canal commissioners, but I, with Mr. Hale's means, was prepared to pay it. But to do so it would have remained in my hands, for there was no bank to put it in the State. Believing some time before that there would not be as much work done as expected, I wrote to Mr. Hale that he might use the money till I would notify him. The money was wanted, by paying the interest and keeping in my hands a sufficient amount of scrip to, at any time, command the money, the amount named was, I think, twelve thousand dollars, which he assented to, and it was so kept on interest till the day it was sent out for the use of the canal commissioners in making payments, the whole amount was paid with every cent of interest. As it had been removed to the west, I preferred this course to that of its remaining in my hands without interest.

Interrogatory No. 2, by W. J. Brown.

Do you know to what use said Hale applied such funds?

Interrogatory No. 3, and by the same.

Did he not invest the same in military bounty land scrip?

Reply.

To the 2nd and 3d, I answer I have no knowledge of what he did with the ten thousand dollars other than that of lending; he was a dealer in land scrip, and I have no doubt he bought scrip with this and any other funds he had.

Interrogatory No 4, by W. J. Brown.

Was said Hale not in the habit of transmitting scrip from Washington and elsewhere to you to be exchanged with purchasers of public lands for cash?

Reply.

The fourth I consider I answered in connection with the first.

Interrogatory No. 5, by Mr. W. J. Brown.

Did you immediately derive any profit from any such transactions or exchange in such funds on connection with said Hale, or any other person, while you were fund commissioner?

Reply.

While I was fund commissioner, I sold scrip on commission for Mr. Hale, and for several others, to a large amount, perhaps two hundred thousand dollars, and profited by such portion of the commission, as I did not have to pay others. And also, while I was fund commissioner I bought Land Scrip and sold it, and made money on it, but used my own money in the purchase, and neither directly nor indirectly any of the public money under my care. I also, while fund commissioner bought Scrip in connection with others—they furnishing the money, and I transacting the business—by which I made money. I will further add that a few years since, as the matter of ten thousand dollars and Land Scrip had been the subject of some remark, as Mr. Hale was passing through here I had his deposition taken in this place, which I suppose is on file in the fund commissioners office—the substance of which was, that I had no interest whatever in the profit that might derive from the use of the \$10,000, and that it had no influence with him in sending me Scrip on commission, as he was doing, and probably should continue to do so. Mr., now Judge James Morrison, attended to putting questions and taking the depositions of Mr. Hale; I forget the year it was taken, but it can doubtless be found in the office; to the best of my recollection, it was after all transactions in relation to Scrip between us had ceased.

Milton Stapp submitted his answers to interrogatories propounded to him on the twenty-fifth day of December, 1841, which are here filed, marked C.

C

ANSWER OF MILTON STAPP TO QUESTIONS PROPOUNDED TO HIM BY THE COMMITTEE OF THE HOUSE OF REPRESENTATIVES, ON THE 25TH DAY OF DECEMBER, 1841.

Question No. 1. (A.)

Have you at any time had an interest in the Madison Company, or in their contract to purchase bonds for the State?

Answer.

I have had no interest whatever in the Madison Company, nor in their contract to purchase bonds of the State, except in a general in-

terest for the prosecution of the work on the Madison Railroad, and such interest as will be explained in answer to the next question.

Question No. 1. (B.)

Have you stated to any person that you had an interest in the Madison Company, but as there was no writing on the subject, you did not hold yourself responsible?

Answer.

In the sense this question is here propounded, I made no such statement. But, while in the city of New York, I gave Mr. Noble a history of my unfortunate transactions for the State. I communicated with him freely on many subjects. Among other things, I communicated to him the difficulties into which I had led this company—that I had sold 180,000 dollars of bonds of the State, and persuaded them to take the contract I had made—that they had lost largely by the Seneca County Bank—that I was so very sensitive to the censure of some of them for having led them into these difficulties—that I had said to them in a note addressed to them, that I would share a proportion of their loss in these transactions—but there being no consideration for the proposition that neither the company nor myself regarded it as of any validity whatever. This was the substance of what I told Mr. Noble, and will now explain how this proposition was brought about.

The conditional contract for the sale of bonds to the Madison Company was made by Mr. Scott and myself in October, 1839, and it was intended for the prosecution of the Madison Railroad. In December, 1839, and January, 1840, I sold 180 bonds, and in January or February of the same year, 1840, persuaded this company to take the contracts. In April of the same year it was discovered that the debt of the Seneca County Bank was worthless—that one of the company thought as I had got them into the difficulty I ought to become a partner so as to share their losses; this I would not do, but to clear myself from censure for the loss occasioned by the failure of the Seneca County Bank and other considerations named in the note to the company, I addressed the note in question, a copy of which is here referred to, marked A.

Question No. 1. (C.) Is answered by the production of the paper marked A, above referred to.

Question No. 2.

By what authority did you, as fund commissioner, purchase the bonds of the State of Nelson Robinson, and what was your object in making such purchase?

Answer.

I contracted for the purchase of these bonds by the same authority that I hypothecated bonds to borrow money for the payment of our interest, and for the same reason *to sustain the credit of the State*. Both of which have proved alike disastrous to the best interests of the State.

The party with which I was acting all believed that the elevation of General Harrison to the presidency would restore confidence in the country and improve the times. I participated in this opinion, and thought we had to struggle but for a few months, and that credit would be restored and property and stocks be sustained. With this view of the case and the advice of a friend, I supposed that to take a few hundred thousand dollars of our floating bonds from the market and place them in strong hands, that they would be better sustained in price, and the act be of service to the State.

I accordingly about the middle of January, 1841, made a verbal agreement with Mr. Robinson to go into the market for one or two hundred thousand dollars of the bonds in such manner as he in his discretion might think would best sustain the price of the bonds, and to keep them until he could place them in strong hands. While making this agreement, Mr. Robinson informed me that he had eighty bonds that he had been forced to take from persons who had hypothecated them to secure the redemption of country paper, and that as he did not deal in bonds, he should put them off at their then price, which was seventy-five cents to the dollar, unless I would agree that they should be a part of the purchase, which I accordingly did. This transaction was made in good faith, and as I believed at the time for the benefit of the State. The subject of taking the floating bonds out of the market was spoken of in New York last spring, in the presence of Mr. Noble and others, and was even then received with favor.

Interrogatory No. 3.

Did you ever, as fund commissioner, issue any Indiana dollar bonds? If so, to what amount, to whom, and by what authority?

Answer.

This question will be answered in my answer to No. 5. But as the propounder of this question remarked at the time he stated it, that his principal object in the question was to know if I sold any of the floating bonds which I proposed to purchase through Robinson, I answer that I cannot tell who sold them, but the presumption is that they were of the bonds sold to the real estate banks, a part of which may have been sold by my associates and me, or they may have been sold by others.

Question No. 4.

Do you or not know of the formation of any company or association shortly after the adoption of the system of improvement, for the purpose of purchasing property on the line of public works, or any member of the General Assembly which adopted the system? If so, state the names of such officers of State, or of the public works, or member of the General Assembly of such company or association.

Answer.

I know of no such company, association, or other person thus formed or engaged.

Question No. 5.

What is the amount of the suspended debt, including bonds parted with without an equivalent, and what amount of the suspended debt was caused by yourself as fund commissioner, and what amount has been caused by other fund commissioners, &c.? Set out the names of the debtors, the amount due from each and the dates of sales to each; give the numbers of the bonds sold for which the suspended debt is due, if you can, and if you cannot, the reasons why the numbers cannot be given.

Answer 1st.

The amount of the suspended debt without interest is as follows:
No. 1. Original sale to the Cohens now called the compromise debt:

A. Compromise property,	-	-	\$285,149 60	
B. Staten Island Whaling Co.,	-	-	20,000 00	
* C. E. & P. Houghwout,	-	-	28,000 00	
D. W. A. Swaine,	-	-	4,000 00	
E. J. J. Cohen & Brother,	-	-	55,000 00	
			<hr/>	392,149 60
No. 2. Bank of Western New York,	-			240,000 00
“ 3. Detroit and Pontiac Railroad,	-			90,000 00
“ 4. Staten Island Whaling Co.,	-			60,000 00
No. 5. Morris Canal and Banking Company:				
F. Internal Improvement debt,	-		538,339 53	
G. Wabash and Erie Canal debt,	-		152,275 80	
H. Bonds left by Com'rs of 1838 to be exchanged for irregular bonds,			300,000 00	
I. Bonds left by Com'rs of 1839 to assist in raising interest for Jan. 1840,			190,000 00	

* I am informed this debt is settled with the return of 15 bonds.

K. Bank loan bonds, - - -	960,000 00	
L. Purchase of bonds, 1840, -	97,680 00	
	<hr/>	2,238,295 33
No. 6. Erie County Bank:		
M. Old debt, - - -	141,573 40	
N. Bonds sold to and received by Erie County Bank, - - -	410,000 00	
	<hr/>	551,573 49
		<hr/>
		3,572,018 33
No. 7. Binghampton Bank, (Danforth):		
O. Balance debt, 1839, - - -	58,200 00	
P. Bank of Circleville, (sale of 50 bonds, Danforth,) - - -	44,000 00	
Q. Bonds retained by Danforth,	45,000 00	
R. Draft of Binghampton Bank for Madi- son company, - - -	25,677 42	
	<hr/>	172,877 42
No. 8. Bank of Commerce, (Pratt,)		81,600 00
No. 9. Henry Roop:		
S. Old debt, - - -	40,000 00	
T. Bonds loaned, - - -	10,000 00	
	<hr/>	50,000 00
No. 10. Staten Island Bank draft, -		20,552 99
" 11. Merchants' Exchange Bank Buf- falo, 194 bonds, 88, - -		170,720 00
" 12. R. D. Dodge, (Washington county Bank paper, &c.,) - -		25,520 00
		<hr/>
Whole suspended debt, - - - -		<u>\$4,093,288 74</u>

2d. The sales &c., which created this suspended debt, at the dates, and by the persons, are as follows, to-wit:

No. 1; A. B, C, D, and E, was made in the year 1836, by J. Sullivan, S. Hanna and I. Coe, commission- ers, - - - -	\$392,149 60
No. 2 was made by I. Coe, C. B. Smith and J. Farrington, 6th Jan'y. 1838, -	240,000 00
No. 3 was made by the same commission- ers in Oct. 1838, - - -	90,000 00
No. 4 was made by the same commission- ers in November, 1838, - - -	60,000 00
No. 5 (F) was made in part by the same commissioners in January, 1839, -	309,339 53
G. By the same, same time, -	152,275 80
H. Bonds delivered in 1838 by same commissioners, - - -	300,000 00
	<hr/>
	1,543,764 93

No. 5. (K)	Bank loan made by S. Merrill, President, in May, 1839,	960,000 00
" 5. (F)	Made in part by Scott and Stapp, in Ap. & June, 1839,	229,000 00
" 5. (I)	Bonds left with Biddle, Oct., 1839, by same, - -	190,000 00
" 6. (M)	Sale to Erie county B'k, Sept. 1839, by same, - -	141,573 40
" 7. (O)	Sale to Binghampton B'k Sept. 1839, by same, - -	58,200 00
" 8	Sale to B'k of Commerce (Pratt) Sept. 1839, by same,	81,600 00
" 9. (S)	Sale to Roop, Oct. 1839, by same, - - - -	40,000 00
" 11.	Sale Sept. 1839, by same,	170,720 00
		<hr/>
" 6. (N)	Sold and parted with by M. Stapp, Jan. 1840, and Jan. 1841, (Sherwood) -	410,000 00
" 5. (L)	Sold by same 17th Dec. 1840,	97,680 00
" 7. (P)	Sold Dec. 1840, by same,	44,000 00
" 7. (Q)	Delivered in 1840, by same,	45,000 00
" 9. (T)	August, 1840, loaned by same,	10,000 00
" 7. (R)	Took Jan. 1st, 1841, by same,	25,677 42
" 10.	Took by same, 1st Jan. 1841,	20,552 99
" 12.	Oct. 1840, by same,	25,520 00
		<hr/>
		911,093 40
		<hr/>
		678,430 41
		<hr/>
		<u>\$4,093,288 74</u>

RECAPITULATION OF THE SUSPENDED DEBT.

Bonds sold by Sullivan, Hanna and Coe, (1836,) -	\$392,149 60
Bonds sold by Coe, Farrington and Smith, (1838,) -	1,151,615 33
Bonds sold by Stapp and Scott, (1839,) - -	911,093 40
Bonds sold by Merrill, (1839,) - - - -	960,000 00
Bonds sold by Stapp, (1840,) - - - -	678,430 41
	<hr/>
	<u>\$4,093,288 74</u>

In giving the numbers of the bonds sold for the suspended debt, I apply the last sale made (to the indebted person) to item due, and when part payment is made the highest numbers of the bonds are taken, until at the rate at which the sale was made, the amount corresponds with the debt due, as follows, to-wit:

No. 1. Sale to Cohens at par, Internal Improvement dollar bonds, - - - \$392,149 60—392 bonds.
Nos. from 9 to 400.

No. 2.	Internal Improvement dollar bonds			
	at par, - - - - -	240,000	00—240	bonds.
	Nos. 3,061 to 3,300.			
No. 3.	Internal Improvement dollar bonds			
	at par, - - - - -	90,000	00— 90	“
	Nos. 2,811 to 2,900.			
No. 4.	Internal Improvement dollar bonds,	60,000	00— 60	“
	Nos. 2,941 to 3,000.			
No. 5.	(F, in part,) Internal Improvement			
	sterling bonds at par, - - -	309,339	53—310	“
	Nos. 1,091 to 1,400.			
No. 5.	(F, in part,) Internal Improvement			
	dollar bonds, 88 cts. - - -	229,000	00—248	“
	Nos. 3,341 to 3,400, (60,) 3,402 to 3,418,			
	(17,) 3,421 to 3,429, (9,) 3,431, 3,434,			
	3,438 to 3,445, (8,) 3,447, 3,448, 3,450,			
	3,451, 3,453, 3,454, 3,455, 3,457, 3,458,			
	3,460 to 3,602.			
N. 5.	G. Wabash and Erie Canal bonds			
	90 cents, - - - - -	152,275	80—169	“
	Nos. 2,514 to 2,645, 2,650 to 2,686.			
No. 5.	H. Internal Improvement sterling			
	bonds, - - - - -	300,000	00—300	“
	Dr. Coe says that these Nos. are 701 to 1,000.			
No. 5.	I. Int. Impr. sterl'g bonds,	190,000	00—190	“
	Nos. 1,681 to 1,770, and 1,801 to 1,900.			
No. 5.	K. St'lg Bank loan bonds, 98,	960,000	00—980	“
	Nos. 21 to 362, 391 to 848, 901 to 1,000,			
	and 80 Int. Impr. sterling bonds kept			
	by the Morris Canal and Banking Co.			
	in place of 80 bank loan bonds return-			
	ed to the State, Nos. 1,601 to 1,680.			
No. 5.	L. Internal Impr. dollar bonds,	97,680	00—111	“
	Nos. 4,345 to 4,352, 4,421 to 4,440, 4,461			
	to 4,477, 4,479 to 4,500 4,563, 4,569 to			
	4,574, 4,583 to 4,588, 4,595, 4,596,			
	Madison Railroad bonds, 141, 142, 149,			
	164 to 167, 169 to 171, 178, 212 to 214			
	308, 409, 416 to 418, 421, 422 to 424,			
	426, 431, 435, 446, 453, 456.			
No. 6.	M. Int. Imp. dollar bonds,	141,573	40—161	“
	Nos. 3,692 to 3,752, 3,901 to 4,000.			
No. 6.	N. Bonds used by Sherwood,	410,000	00—410	“
	Int. Imp. st'g bonds, 1,771 to 1,790, 20			
	1,901 to 1,906, 1,910, 1,911, 1,919,			
	1,926 to 1,940, - - - 24			
	1,951 to 1,960, 1,970 to 1,979,			
	2,001, 2,003 to 2,015, - - - 34			

2,018 to 2,021, 2,073, 2,080, 2,178	
to 2,200, - - - -	29
2,276 to 2,300, 2,302 to 2,309,	
2,601 to 2,654, - - - -	87
2,656, 2,657, 2,658, 2,665 to 2,674,	13
2,684 to 2,700, 2,806, 2,807, 2,808,	20
2,826 to 2,839, 2841, 2,877, -	16

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Bank loan sterling bonds:

Nos. 363 to 390, 849 to 900, - 30

Bank loan dollar bonds, 1 to 23, - 23

Int. Imp. dollar bonds:

Nos. 4,452 to 4,456, 4,457 to 4,460

4,478, - - - - 10

4,519 to 4,547, 4,549, 4,550, 4,552

to 4,554, - - - - 34

4,557 to 4,562, 4,564, 4,566 to 4,568

4,575, - - - - 11

4,578 to 4,580, 4,582, 4,594, 4,597

to 4,600, - - - - 9

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No. 7. O. Internal Improvement,	58,200 00—	66	“
Nos. 3,777 to 3,794, 3,853 to 3,900.			
No. 7. P. Internal Improvement,	45,000 00—	45	“
Nos. 2,983, 3,419, 3,420, 3,795, 3,796			
3,808, 3,810 to 3,812, 3,815, 3,823 to			
3,835, 3,837 to 3,841, 3,843 to 3,845,			
4,299, 4,264, 4,576, 4,577, Madison R.			
R. bonds, 143, 145, 146, 147, 148, 150;			
4 others, the numbers not known.			
No. 7. Q. Wabash and Erie canal bonds,	44,000 00—	50	“
Nos. 2,389, 2,390, 2,403, 2,422, 2,437,			
2,438, 2,471 to 2,477, 2,488 to 2,495;			
Int. Imp. bonds, 2,422, 2,430, 2,435,			
2,437, 2,438, 2,471 to 2,477, 2,488 to			
2,495, 3,432, 3,433, 3,435 to 3,437, 3,816			
3,820 to 3,822.			
No. 7. R. Binghampton draft, - - -	25,677 42—	29	“
Madison Railroad bonds, 72 to 100.			
No. 8. Int. Imp. bonds, 96 cts., - - -	81,600 00—	85	“
Nos. 3,603, to 3,637, 4,201 to 4,250.			
No. 9. Int. Imp. dollar bonds, 88, - - -	40,000 00—	45	“
Nos. 4,254 to 4,263, 4,265 to 4,298, 4,300.			
No. 9. S. Sterling bonds, 1,941 to 1,950,	10,000 00—	10	“
No. 10. Staten Island draft, - - -	20,552 99—	23	“
Madison Railroad, 118 to 140.			

No. 11. Int. Imp. dollar bonds,	-	170,720 00—194	“
Nos. 4,007 to 4,200.			
No. 12. Washington county Bank paper,		25,520 00—	29 “
Wabash & Erie canal: Nos. 2,434, 2,441			
to 2,444, 2,646, 2,647, 2,648, 2,649;			
Int. Impr. dollar bonds, Nos. 3,401,			
3,446, 3,449, 3,452, 3,456, 3,459, 3,753			
to 3,762; Madison Railroad, 352 to 355.			
		<u>\$4,093,288 74</u>	<u>4,237 bonds.</u>

RECAPITULATION OF THE NUMBERS OF BONDS.

Wabash and Erie Canal bonds:

Nos. 2,389, 2,390, 2,403, 2,422, 2,434, 2,437, 2,438,	7	
“ 2,441, 2,442, 2,443, 2,444, 2,471 to 2,477,		
2,488 to 2,495, 2,514 to 2,686,	-	- 192
		<u>\$199,000 00</u>

Internal Improvement dollar bonds:

Nos. 9 to 400, 2,422, 2,430, 2,435, 2,437, 2,438,		
2,471 to 2,477,	-	- - 404
Nos. 2,488 to 2,495, 2,811 to 2,900, 2,941 to		
2,300, 2,983,	-	- - 159
Nos. 3,061 to 3,300, 3,341 to 3,429, 3,431 to 3,637,	536	
Nos. 3,692 to 3,762, 3,777 to 3,796, 3,808, 3,810,		
3,811,	-	- - 94
Nos. 3,812, 3,815, 3,816, 3,820 to 3,835, 3,837 to		
3,841, 3,843 to 3,845,	-	- - 27
Nos. 3,853 to 4,000, 4,007 to 4,250, 4,254 to		
4,300, 4,345 to 4,352,	-	- - 447
Nos. 4,421 to 4,440, 4,452 to 4,500, 4,519 to 4,547,		
4,549, 4,550,	-	- - 100
Nos. 4,552 to 4,554, 4,557 to 4,564, 4,566 to 4,580,		
4,588,	-	- - 33
Nos. 4,594 to 4,600,	-	- - 7
		<u>1,807,000 00</u>

Madison Railroad bonds:

Nos. 72 to 100, 118 to 143, 145 to 150, 164 to		
167, 169 to 171,	-	- - 68
Nos. 178, 212 to 214, 308, 352 to 355, 409, 416		
to 418,	-	- - 13
Nos. 421 to 424, 426, 431, 435, 446, 453, 456,	10	
		<u>91,000 00</u>
Bank loan dollar bonds, Nos. 1 to 23,	-	23,000 00
Bank loan sterling bonds, Nos. 21 to 1,000,		980,000 00
Internal Improvement sterling bonds, Nos. 701 to		
1,000,	-	- - 300
Nos. 1,091 to 1,400, 1,601 to 1,790, 1,801 to 1,906,		
1,910, 1911,	-	- - 608

Nos. 1,919, 1,926 to 1,960, 1,970 to 1,979, 2,001, 2,003 to 2,015, - - - - -	60	
Nos. 2,018 to 2,021, 2,073, 2,080, 2,178 to 2,200, 2,276 to 2,300, - - - - -	54	
Nos. 2,302 to 2,309, 2,601 to 2,654, 2,656 to 2,658, 2,655 to 2,674, - - - - -	75	
Nos. 2,684 to 2,700, 2,806 to 2,808, 2,826 to 2,839, 2,841 to 2,877, - - - - -	36	
		1,133,000 00
		4,233,000 00
Bonds received by Danforth, numbers not known,		4,000 00
		<u>\$4,237,000 00</u>

I pass over questions Nos. six and seven for the present, and proceed to answer No. eight.

Question.

What was the character of the Morris Canal and Banking Company for solvency and punctuality in 1839?

Answer.

In the fore part of the year 1839 this company was in good credit so far as I knew. It had purchased largely of our stocks and paid us promptly for them. They, however, failed to pay us the August or September payment, and since that time their credit has not been so good.

Question No. 9.

Did you ever sell any of the State bonds to any bank or company or persons that had purchased bonds and failed to pay the full amount due the State on such bonds previously sold—if so, to whom and what amount.

Answer.

I sold bonds to the Erie county Bank after it had failed to pay agreeably to contract, but it was paying better at the time than any of our debtors, and I sold for what I supposed was cash. I also, sold to the Morris Canal and Banking Company in the same way, but this was done to secure a large debt due from them, which I think will be effected, or at least a large portion of it.

No. 10 is answered in No. five.

Question No. 11.

Were any offers of money or other valuable articles ever made to yourself or, so far as you know, to any other fund commissioner by any person or company desiring to obtain the bonds of the State, as an inducement to sell said bonds—if so were such offers accepted—by whom were they made and by whom accepted—what was the amount of money or other valuable consideration offered or received?

Answer.

None was ever offered or received by me, nor do I know of any being offered to, or received by others.

MILTON STAPP.

A

MADISON, *April 20th*, 1840.

MESSRS. WOODBURN, HENDRICKS, KINGS AND LEONARD,

Gentlemen:—Knowing that you have great fears as to the loss you may have by a failure of the Seneca county Bank and that you do not feel certain of being *punctually* paid by other institutions which are indebted to you for bonds sold to them, and feeling some apprehension that these fears will deter you from confirming your contract with the fund commissioners, and thereby defeat the progress of the work; and believing that it is very much for the interest of the State and the city in which I live, that this sale should be confirmed and the road continue in progress, I do hereby bind and oblige myself to sustain one fifth part of the loss you may sustain in the transaction, not asking any of the profits whatever. That I will attend to the collection of your Seneca county and other debts, and leave it with you to give to me what you may think proper for that service. This I do to re-assure you in the final result of your laudable undertaking and to ensure the prosecution of the road.

Very respectfully,

MILTON STAPP.

Committee adjourned to meet to-morrow, Thursday, Jan. 6th, at 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,
Thursday, Jan. 6th, 1842, 6 o'clock, P. M.

The committee of investigation met pursuant to adjournment, and proceeded to business.

Present—Messrs. Hannegan, (Chairman) Ritchey, Davis, Mitchell, and Cooper—5.

Absent—Messrs. Brown of D., Brown of M., Defrees, and Marshall—4.

MR. YANDES replied to interrogatory by Mr. Hannegan.

Interrogatory No. 1.

Do you know of any public officer having realized any individual profit by the use or credit of the bonds or funds of the State? If so, state whom, how, to what amount, and the time when?

Reply.

Answer to the first question—I do not.

MR. E. LONG was sworn and filed his answers to questions propounded to him by the committee of the House of Representatives, on a previous day, as follows, to wit:

Question No. 1.

When did you become a member of the Board of Internal Improvement? How long did you serve as such, and who were members of the same board with you?

Reply.

I was appointed a member of the Board of Internal Improvement in 1836, and continued in service until 1839. My colleagues were Messrs. Maxwell, Burr, Lewis, Johnson, Blake, Woodburn, Hall, Clendenen, Clark, Yandes, Morrison, and Graham.

Question No. 2.

What plan was adopted by the Board of Internal Improvements as to outlays in the public works? and what reason operated on the Board to induce them to undertake all the contracts at one time?

Reply.

The plan adopted by the Board at the first meeting was to put under contract such portions of the public works as would soonest be productive to the State. It was not at that time contemplated to put under contract different portions of the individual works, but in consequence of the urgent demands of the people along the lines of the several works, presented by their Representatives in the Legislature, the Board were induced to change the original plan, and commence operations at different points on the several lines.

Question No. 3.

Was the commissioner resident on a given work, made superintending agent of that work? How were funds supplied him from time to time to meet his disbursements, and how often did he account to the Board for his outlays on the work which he superintended? Speak as to the manner in which the members of the Board drew for funds, and what checks were imposed on over drawing.

Reply.

The commissioner resident on a given work, was appointed acting commissioner on that work, each acting commissioner was authorized to draw upon the fund commissioners for the amount to be disbursed and annually settled with the board, upon the estimates of the engineer, the acting commissioner gave drafts upon the fund commissioners with the estimates attached, taking triplicate receipts; at the annual settlement, these drafts and estimates were examined and compared. The acting commissioners were also authorized to draw in the same manner for contingent expenses, taking triplicates, all of which were presented to the board.

Question No. 4.

State whether any member of the board, and if so, what member derived any advantage or profit by the use of the public funds, or whether you have any information, and if so, what, which would induce you to suppose that any member of the board of Internal Improvements used any of the public funds for his private profit or delayed to account for the same at a proper time?

Reply.

I have no knowledge that any member of the board used the funds of the State for his individual benefit except in the case of David Burr. Mr. Burr was discovered to be a defaulter, and the fact was promptly reported to the legislature; some delay occurred in the settlement of

the account of James B. Johnson, the reason for which I do not recollect.

Question No. 5.

State what information you have, if any, which would induce you to believe that the location of any public work or part of same, have been made or changed with a view of enhancing the value of the private property of any member of the board of Internal Improvement or of any member of the Engineer corps?

Reply.

I have no knowledge, nor have I any information inducing me to believe that any location was made or changed with a view to enhance the value of the private property of any member of the board, or members of the Engineer corps, or any individual connected with the public works.

Question No. 6.

State what information, if any, you have which would induce you to believe that the members of the board of Internal Improvement, or any member of the same was governed or influenced in the lettings made by them, by views of private interest contrary to public good?

Reply.

I have no knowledge or information inducing me to believe that the members of the board of Internal Improvement, or any member thereof, were governed or influenced in their lettings by any such views.

Question No. 7.

State any information you may have tending to show that any of the superintending officers of the public works, were guilty of accepting bribes or conniving in any way at the practice of defrauding the State by allowances to contractors of more than they were entitled to by law?

Reply.

I have no knowledge or information on the subject, except in the case of E. M. Beckwith, Resident Engineer on the Madison and Indianapolis Railroad. Mr. Beckwith was arrested on a charge of defrauding the State after my term of service expired.

Question No. 8.

Who was acting commissioner on the Madison and Indianapolis Railroad, when the Madison hill or deep diggings was put under contract?

Reply.

The acting commissioner on the Madison and Indianapolis Railroad was John Woodburn.

Question No. 9.

Is the property of either member of the board of Internal Improvement dyked, or defended from the freshets of the Ohio river by the Madison Railroad, beneath the deep cut? If so, whose property is thus defended?

Reply.

I have no knowledge whatever of the matters embraced in this Interrogatory.

Question No. 10.

Did the interest of the State demand a thorough cut through the Madison hill? Would, or would not a tunnel have been cheaper; and what advantage is it expected that letting of that cut is to the State, what is the total cost of the cut, and the embankment, and culvert beneath the hill, state all the information that you know on this subject?

Reply.

The location of the road at the Madison hill adopted by Mr. Woodburn, acting commissioner was confirmed by the board upon the representation of Mr. Petit chief Engineer, and disinterested Engineers of other States. The subject of a tunnel was considered by the board but the deep cut was adopted for the reason above stated, the advantages, as well as the cost of the cut, embankment and culvert beneath the hill will be found in the reports of the officers having charge of the work during the last year.

Question No. 11.

By whose directions and on whose recommendations was one Beck-

with employed as an Engineer on the Madison and Indianapolis Railroad, and when and for what was he dismissed?

Reply.

I am informed that Mr. Beckwith was appointed Resident Engineer on the Madison and Indianapolis Railroad by Mr. Petit, Chief Engineer on roads, by whose recommendation I know not. I am informed that said Beckwith was removed for corrupt and fraudulent practices, in the summer of 1839.

Question No. 12.

How long had said Beckwith been engaged in receiving bribes for false and fraudulent estimates before detection, how was his rascality discovered, and by whom?

Reply.

I have no knowledge of the matter embraced in this Interrogatory, my term of office having expired before his villainy was discovered.

Question No. 13.

What reason have you, if any, for believing that any member of the board of Internal Improvement or chief Engineer fraudulently at any time connived at the allowance of higher wages to contractors than the contracted price, or connived at lettings being made at a higher rate than the market price for such work.

Reply.

I have no knowledge of any such connivance at fraud on the part of any member of the board or chief engineer.

Question No. 14.

Did any member of the board of internal improvement at any time make lettings to a greater estimate than ordered by the board? If so, who and when those lettings were?

Reply.

I am informed that Messrs. Woodburn, Maxwell and Morrison exceeded in their lettings the limit authorised by the board. The same opinion has been generally entertained with regard to myself. The following statement of facts is respectfully submitted to the committee:

The board ordered to be put under contract that part of the White water canal between Lawrenceburgh and the feeder dam next above Brookville, as will be seen by their report of December 17, 1836. In pursuance of this order, I proceeded to let the work from Lawrenceburgh to Brookville, in August or September, 1836, and so reported to the board. A short time previous to the completion of the contracts between Brookville and Lawrenceburgh, the line between the Cumberland road and Brookville was established, and the feeder dam located at Laurel, fourteen miles above Brookville. In the winter of 1837-'8, after the location of the feeder dam, the following order was issued by the board:

Resolved, That the acting commissioner on the White-water canal be directed to place under contract such portion of the White-water canal between that now under contract and the Cumberland road, as in his opinion will best promote the interest of the State, the amount not to exceed \$300,000 over and above that portion not yet contracted for, but heretofore authorised to be let. It will be observed that by the former order of the board I was authorised to place under contract that portion of the canal between Lawrenceburgh and the feeder dam next above Brookville, and by the latter I was *directed* to place under contract such portion between the Cumberland road and that heretofore authorised to be let, as in my opinion would promote the interest of the State, not exceeding in amount \$300,000. Under these orders of the board, I made all my lettings on the canal. The amount of work let between the Cumberland road and the feeder dam did not exceed 300,000 dollars. The sum appropriated to this canal by the act of 1836, was \$1,400,000. The amount placed under contract previous to the expiration of my term of service, was \$1,175,133, as will be seen by the report of the board of 21st December, 1838.

Question No. 15.

State what allowances were made while you were on the board to any member thereof for extra services and expenses, and what reason if any you have for believing that such allowances were necessary. Please refer to such record and memoranda as will aid you in answering this question.

Reply.

Allowances were made to members of the board for extra expenses incurred in travelling in the service of the State. I have no reason to believe those allowances excessive.

Question No. 16.

How much authority did the board delegate to the separate members thereof in superintending the respective works, and were their acts, in making lettings, &c. regarded as obligatory on the board?

Reply.

The board authorised its members as acting commissioners, to make lettings on their respective lines, but in no instance to exceed the amount appropriated by law. They were also authorised to draw upon the fund commissioners for funds to prosecute their several lettings at the contract prices. No act, unless specially authorised, was held obligatory, although the board in the exercise of sound discretion might approve the act.

Question No. 17.

What reason have you for believing that any of the lettings were secretly or unfairly made by any member of the board with a view of securing a profit for himself or his friends?

Reply.

I have no reason to believe that any of the lettings were secretly or unfairly made by any member of the board, with a view of securing a profit to himself or friends.

Question No. 18.

What contracts (if any) were taken on the public works by members of the board, at what prices, and was or was there not in taking such contracts a fair competition among bidders?

Reply.

I know of no contract on any of the public works having been taken by any member of the board, unless the water-power at Indianapolis, taken by Mr. Yandes, may be so considered.

Question No. 19.

Were any members of the board at any time secretly interested in any lettings by them made on the public works? State any information you have touching this matter.

Reply.

I have no knowledge or information whatever of any secret interest of any of the members of the board in lettings by them made.

Answer No. 20.

Was any member of the board of public works or any engineer en-

gaged on the same, at any time either directly or indirectly engaged in any speculation in lands or town lots on the line of public works? State what information you have on this subject.

Reply.

Previous to my appointment as a member of the board of internal improvement, I held an interest in a tract of land near the White Water canal. After the line was established, I disposed of my interest a short time before my term of service expired; and after the location of the canal, I took an interest in the purchase of some property at Connersville. Mr. Holman, resident engineer on the White Water canal, purchased a house and lot in Brookville, for a residence. He afterwards sold it and purchased again in Connersville.

Question No. 21.

State particularly whether the railroad at Madison could not have been taken down the hill on a cheaper route, and equally advantageous to the State; and whose private interest in any manner is most particularly benefitted, or intended to have been, by the adoption of the present route.

Reply.

I know not that the private interest of any one was benefitted by the adoption of the present route. My further answer is embraced in my reply to 10th interrogatory.

Question No. 22.

While acting as canal commissioner, or member of the board of improvement, inform the committee whether you applied the money of the State, or the use thereof, in any way, to your own benefit or use, as a capital in trade, or to speculate upon in any way; whether in making contracts with the contractors, there was any direct or indirect understanding, or a conventional one of any description, by which they or any of them were to try or to give orders to their laborers for goods on your store? State also, whether you have ever bought up the estimates of contractors at a less price than the full amount for which they were given. State all you know, and all you have learned, which you have any reason to believe may be true in relation to all or each of the above particulars; and in relation to any other canal commissioner, or fund commissioner, or member of the board of improvement, or any other person in any way in the service of the State. And if any, state whom, and to what extent or amount.

Do you know of any instance in which the funds of the State have been either directly or indirectly made use of, to purchase at a discount or otherwise, the depreciated paper of the banks of Michigan,

or any other State, with which to pay contractors or laborers on the public works, or any of them? If so, state particularly who, whether individuals, companies, or corporations, and to what amount, and to whose benefit. State all you have heard, which you have good reason to believe to be true, in reference to any or all of the above particulars.

Reply.

I never made use of the funds of the State in any way to my own benefit, nor did I ever purchase of contractors at a less price than their face, or the amount for which they were given. I have no further knowledge or information in relation to the above particulars, except as before stated. I have no knowledge of any instance in which the funds of the State were used in the purchase of depreciated bank paper with which to pay contractors or laborers on the public works. In one or two instances, the Lawrenceburgh Branch Bank paid out to contractors some small amount of Goodman's checks.

Question No. 23.

Did you, while acting as a member of the board of internal improvement, draw a draft for \$10,000 in favor of the Lawrenceburgh Branch Bank, on the fund commissioners, which was dishonored by Dr. Coe? If so, state when your draft was drawn.

Reply.

In 1836, I think in September, I drew upon the fund commissioners for \$10,000, under the impression that the regulation with respect to disbursements upon the Wabash and Erie canal were still in force, the funds being then paid to the canal commissioner, and by him disbursed. The draft was dishonored by Dr. Coe. I was thus left without means to aid contractors, I made use of my own funds and credit for the above named purposes.

Question No. 24.

Did you subsequently, in the same year, draw a draft on any of the fund commissioners for a like sum? And did you or did you not obtain the money on it? And at what time did you obtain it?

Reply.

In the winter of 1836-7, Mr. Torbert, resident engineer, and myself, visited Indianapolis, and mentioned the dishonored draft to Jeremiah Sullivan, Esq., fund commissioner. Through him I obtained the sum of \$10,000, which was paid out on the canal, and regularly accounted for.

Question No. 25.

Had you previously during the same year, received any amount of the public moneys from Evansville? If so, what amount had you received?

Reply.

In the spring of the same year, by authority of the fund commissioners, I drew upon the Evansville Branch Bank for \$2,000, which was appropriated to the payment of contingent expenses of surveys, &c.

Question No. 26.

What was the balance left in your hands on the settlement of your accounts, on the 31st December of that year?

Reply.

The settlement was made on 30th November, 1836. The following statement of my account of that year, as will be seen by reference to the report of the board, of the 17th Dec. 1836:

The State of Indiana—

In account with the State Board of Internal Improvement, Dr.

To amount paid by Elisha Long, commissioner on the White Water canal, for location, pay to contractors, &c.	-	-	-	-	-	-	\$4,644 97
							<hr/>

Credit—

By amount received by Elisha Long, commissioner, on draft on fund commissioners,	-	-	-	-	-	-	\$2,000 00
Amount overpaid by Long,	-	-	-	-	-	-	2,644 97
							<hr/>
							\$4,644 97

Question No. 27.

Were you engaged in the mercantile business during that year?

Reply.

I was not engaged in the mercantile business during that year.

Question No. 28.

Did you use the funds for private purposes, or any part thereof? And if not, did you pay back the specific funds received by you?

Reply.

If the funds here mentioned, are the same as referred to in interrogatory No. 26, it is there answered. If to the use of public money at any time for my private benefit, my answer will be found under interrogatory No. 22.

Question No. 29.

How long were the funds in your possession, before you made final payment to the State? How long after you went out of office was it before you accounted and paid to the State the balance? And how was it finally arranged?

Reply.

Previous to going out of office, funds were placed in my hands to pay damages done to private property. The claims for damages were not all adjusted when my term of service expired. I was required to settle with the new board in November following, which I did. The balance against me, which I think was about \$5,000, was paid part in claims upon the State, and part in money, to the best of my recollection.

On motion, the Chairman appointed Messrs. Ritchey and Defrees superintendents of the printing of this journal.

A series of interrogatories were propounded by Mr. Davis, to Messrs. John Woodburn, A. Morrison, and Mr. Gibbon, and time given to answer.

On motion, committee adjourned to meet to-morrow, Friday, at 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,
Friday, Jan. 7, 1842, 6 o'clock, P. M.

Committee of investigation met pursuant to adjournment, and proceeded to business.

Present, Messrs. Hannegan, (Chairman,) Mitchell, Ritchey, Davis, and Cooper—5.

Absent, Messrs. Brown of M., Brown of D., Defrees, and Marshall—4.

MR. JOHN WOODBURN submitted answers to interrogatories previously propounded to him, which are here filed, marked D.

D

Interrogatories to Mr. John Woodburn by Mr. Davis. Answers to Interrogatories of the committee of the House of Representatives.

Interrogatory No. 1.

Have you been a member of the Board of Internal Improvement? If so, when were you appointed, and how long did you continue in office, and what work was under your supervision?

Answer.

I was appointed a member of the State Board of Internal Improvement in the winter of 1835-6; was sworn into office on 7th March, 1836, and continued a member of said Board until 4th March, 1839. The Madison and Lafayette Railroad was under my supervision.

Interrogatory No. 2.

Had you any agency in locating that part of Madison and Indianapolis Railroad lying between the top of the hill, through the "deep diggings" to Madison? Was there any other route by which said road could have reached Madison with less expense to the State? If so, why was it not located on such cheaper route? Who was the Engineer that located the present route? Did he do so by your request? Was there any other route surveyed which would have been less expensive to the State? If so, by what Engineer was it surveyed? Was that Engineer continued in service? and if not, why? and if discharged, who was appointed in his place?

Answer.

I had an agency in the location of said road with the consent of the Board. I employed Mr. Schenck as Engineer, who with Messrs. Torbert and Gillett, assistants selected by himself, commenced the surveys. A short time afterward, Beckwith was employed as assistant by Mr. Schenck. Mr. Schenck being in delicate health, resigned, after having remained in service some two months. Messrs. Terbert and Gillett also resigned on account of the compensation being too small. An application to the Board at their second meeting to increase the compensation, proved unsuccessful. About 1st September, 1836, Mr. Henry M. Pettit, whose services as Chief Engineer had been previously engaged, arrived and took charge of all the roads. It is proper

however, to observe that the appointments of Messrs. Schenck, Torbert and others, were temporary, and subject to the control of the Chief Engineer, when obtained. Previous, however, to the arrival of the Chief Engineer, the location of the plane had been determined upon, but subject to his revision. After a most minute and careful examination of all the different routes in the vicinity of Madison, several of the most prominent were submitted to Mr. Caspar W. Weaver, of Baltimore, early in the summer, and his opinion solicited, which was to continue our surveys, and if possible, reduce the grade of the plane, even at much greater expense. In accordance with this opinion, the surveys and examinations were continued. Aware of the difficulties attending the different routes, and impressed with the great responsibility resting upon me, I repaired to Frankfort, Ky., and submitted the profiles to Mr. Welch, Chief Engineer of that State, who gave me his written opinion decidedly in favour of reducing the grades, as exhibited to him. The present location being the lowest grade, it was considered greatly to the advantage of the State to adopt it; a copy of which I forwarded to Gov. Noble, who thus speaks of it in his message of 1836: "To overcome the ascent of high ground bordering the Ohio river in the rear of Madison at an approved grade, difficulties were presented at the first view that required time and labour to obviate, but in the selection of the line finally adopted, they were surmounted, and a better line has been determined upon than was supposed could be obtained."

After this location was made public, much excitement prevailed in the town of Madison as to the propriety of the location. The citizens of the upper part of the town called a public meeting, and requested further surveys. In answer to this request, I stated that if any unsurveyed route could be designated, I would direct the Engineer to survey it. Not being satisfied with this answer, a committee was sent by the meeting to Hanover College, who employed Mr. Harney, Professor of Mathematics in that institution, to survey the Crooked Creek, then the popular route. Mr. Harney came to Madison, surveyed the route, and after careful examination, reported it unsuitable, and far more expensive than the present location. As to the propriety of adopting the present location of the road, I am amply sustained by the opinions of Messrs. Weaver and Welsh, and by all the Engineers engaged upon the road, and more especially by that of Mr. Petit, as will be found in his report of 17th January 1837.

It will readily be admitted, that had the road been located without reference to grade, a cheaper road could have been obtained.

The present route was surveyed at different times, by Mr. Gillett and Mr. Beckwith, both of whom approved the location, as I understood. Other routes were surveyed by the same engineers. Mr. Beckwith was appointed resident Engineer by Mr. Pettit, after the resignation of Messrs. Torbert and Schenck.

Interrogatory No. 3.

What advantage has the present location of said road over all others? Have you any property along the line of said road, and if so, how long have you had it?

Answer.

The advantages possessed by the present location of the road over all others, so far as my knowledge extends, are, that no other could have been adopted except a circuitous and curved road at a grade of over 100 feet per mile, at a much greater expense, and that the inclined plane as adopted, is suited to the employment of horse power, and at the present time, locomotives if properly constructed, may be used with complete success. A cheaper plane than that now adopted might have been constructed; but its grade would have been such as to have completely forbidden the use of horse power.

In the construction of Railroads, if the object be to promote the interests of the State, two considerations must not be lost sight of, viz: The lowest possible grade and a straight line. In the location of this plane, these considerations were kept steadily in view; and I assert, without fear of successful contradiction, that the location of this road down the hill to Maddison, is the very best that could have been obtained at the same cost; and that the difference in the transportation of freight and passengers to and from the head of the inclined plane, on cars, and that on drays and wagons, when the road is completed to Edinburg, will be fully equal to the interest on the whole cost of the plane, leaving out of view the great saving of time, and the injury done to goods by frequent handling.

I have owned a farm of 101 acres since 1824, through one corner of which the inclined plane passes, and could any other route have been adopted, I should consider my property \$500 more valuable than it now is—the only road by which I had access to it having been entirely destroyed thereby. I have also, nearly two blocks in the town of Madison, adjacent to the road, one of which I have owned since 1831—the other since 1834.

Interrogatory No. 4.

Was Beckwith an engineer on the line of the road? and if so, what amount of money did the State lose by him, and how did he get possession of the money; who appointed Beckwith engineer, if he was appointed, and how long was he continued after his defalcation was known? Are you able to say how much the State will lose by Beckwith, if any thing? if so, state it. Did any commissioner or other person connected with the public works, receive any part of the money that Beckwith defrauded the State out of? if so, who and to what amount?

Answer.

As before stated, Mr. Beckwith was resident Engineer on the road. As to the amount of money lost to the State by him I cannot say. Whatever amount he received, except for contingencies, must have been received from contractors, inasmuch as drafts were given to them upon his estimates.

Mr. Beckwith was appointed by Mr. Pettit. How long he was continued after the defalcation was discovered, I am unable to say, my term of service having expired by re-organization of the board previous to his removal.

I am informed that the State obtained judgment against Beckwith for more than \$17,000, but whether the amount can be made from his property, I am unable to say. I have no knowledge that any commissioner or other person connected with the public works, received any part of the money fraudulently obtained by Beckwith.

Interrogatory No. 5.

Was Gen. Stapp the agent of the Madison company during any part of the time he was fund commissioner? or was he a member of the company, or was he to be a member of the company under any contingency? If so, what was it?

Answer.

Gen. Stapp never was a member of the company, nor was he to be, in any contingency—I never considered him an agent for the company, to sell bonds. The following is a copy of the letter of the board, appointing me their agent:

“We do hereby appoint John Woodburn our agent, in our contract with Milton Stapp and Lucius H. Scott, fund commissioners, &c., and fully authorising him to do all things which we, if present, could do in relation to said contract.

WILLIAM HENDRICKS,
GEO. W. LEONARD,
V. & J. KING.”

Witness, &c., this 17th December, 1839.

Interrogatory No. 6, by Mr. Defrees.

State whether the item in the settlement between Gen. Stapp and the Madison company set down as Staten Island Bank notes, were the notes of that Institution, or only bonds given by that Institution to the officers of the Bank?

Answer.

I cannot say, as I never saw them, I understood they were post notes issued by the Bank at some four or six months date.

Interrogatory No. 7, by Mr. Hannegan.

Do you know of any public officers having realized any individual profit by the use or credit of the bonds or funds of the State? If so, state whom, how, to what amount, and the time when?

Answer.

I do not know that any public officer realized any profit from the use of the credit or bonds, or money of the State. David Burr a member of the board of Internal Improvement was discovered to be a defaulter, and the fact was promptly reported to the legislature.—The case of Mr. Beckwith is stated in my response to 4th Interrogatory.

Interrogatory No. 8.

At what time did you begin to suspect Mr. Beckwith of dishonesty or of any fraudulent intention, was you at that time a member of the board of Internal Improvement, and what steps did you take to bring him to justice?

Answer.

At no time during my continuance in office did I suspect Mr. Beckwith of dishonesty, or fraudulent intention, nor until July afterwards, when I first heard of his arrest, I was in New Orleans when he was arrested.

Interrogatory No. 9. by Mr. Davis.

How did the Madison company get the claims on the Binghampton Bank, the Seneca county Bank, Staten Island Bank &c., by which the company is credited in the settlement with Gen. Stapp? How did the company acquire the acceptance on Danforths' note on Mulley &c., named in the same account? Please state fully every thing connected with the above subjects?

Answer.

In Dec. 1839, I understood that Gen. Stapp as agent of the State sold 180 5 per cent dollar bonds as follows:—100 to the Binghampton Bank,

40 to the Staten Island Bank, and 40 to the Seneca county Bank, and took the notes of these Institutions, running through the year 1840, the last falling due on 1st Jan. 1841. This sale, Gen. Stapp by letter from New York, requested the company to take, we declined to do so, and I was sent to New York as agent of the company, to ascertain whether any satisfactory sales of bonds could be effected. I declined taking the sale made by Gen. Stapp. Gen. Stapp returned to Madison, and during my absence in New York the company took the sale. The notes and collaterals remained in Gen. Stapps hands, to be passed to our credit as they might be collected from time to time.

The Seneca county debt we have mainly lost, but twelve thousand dollars of the amount due on the sale of bonds to that institution having been paid to us. We have still the notes of this institution, and have never paid or offered to pay them to the State, nor can they be found in the settlement with Gen. Stapp. The notes found in the settlement are, 1st., Danforth's acceptance, being the balance due from that institution for 100 bonds sold to it; 2nd., Malley's note taken by Gen. Stapp from the Staten Island Bank on their debt for 40 bonds sold to it; 3d and 4th, notes the balance due from the Staten Island Bank on the sale of 40 bonds to that institution. The payments on these several claims were extended by Gen. Stapp (as he says to procure Eastern funds) without our knowledge, and were passed to our credit on 1st Jan., 1841.

Interrogatory No. 10, by Mr. Davis.

How long had the company had the Staten Island bank notes, Seneca county bonds, and Danforth's acceptance, at the time of the settlement with Gen. Stapp? Who acted as the agent of the company in procuring these several items, to wit: Danforth's acceptance, Staten Island bank notes, &c.? Please state fully.

Answer.

The Staten Island bank notes and Danforth's acceptance were never in possession of the company, being retained in Gen. Stapp's hands from the time of the sale until the settlement. The 20 bonds credited to us in the settlement are *State bonds* which Gen. Stapp agreed to take in part payment of our debt for bonds sold to the Seneca county Bank.

Interrogatory No. 11, by same.

What estimate and drafts did the company pay over to Gen. Stapp? What amount? from whom did they receive them? and at what time? State all the particulars connected with the subject.

Answer.

I cannot say, as I did not keep the books.

Interrogatory No. 12.

Was there any correspondence between Gen. Stapp during the time he was fund commissioner, and the Madison company, on the subject of State bonds disposed of by him for the State or for the company? If so, please produce the original correspondence.

Answer.

There was, but it is not in my possession. This is more fully explained in my answer to 9th interrogatory.

Interrogatory No. 13, by same.

Did Gen. Stapp, during the time he was fund commissioner, make sale of any bonds for the Madison company? If so, to whom? what amount, and what time?

Interrogatory No. 14, by same.

Did Gen. Stapp extend the time of payment to any purchaser or purchasers of bonds sold by the Madison company? If so, to whom, and by what authority, and who sold the bonds? Please state fully, any thing connected with all of the above matter.

Answer.

All the information I have will be found in my response to 9th interrogatory.

Interrogatory No. 15.

Did the Madison company receive of Gen. Stapp the sum of \$12,000 in Binghampton post notes, or had the company in their possession that amount of Binghampton post notes, or any other amount? If so, how long did the company have them? from whom did they receive them? what time did they receive them, and what did they do with them? Please state fully.

Answer.

The Madison company had nothing at all to do with Binghampton post notes, in so far as my knowledge extends. On one occasion Gen.

Stapp handed me a *sealed* package, which he stated contained Binghampton post notes, which he requested me to take to Cincinnati to exchange. Upon inquiry at Cincinnati as to the character of the paper, I did not open the package, but returned it as I received it.

Respectfully yours,

JOHN WOODBURN.

Mr. George Givens was sworn, and submitted answers to interrogatories previously propounded to him, which are here filed, marked E.

E

Interrogatory No. 1, by Mr. Davis.

Are you the clerk or secretary of the Madison Insurance Company or the Madison Savings Institution? If so, did the Madison Company or any member of it, deposite in your office twelve thousand dollars in Binghampton post notes? If so, at what time, by whom was the deposite made, how long did the notes remain on deposite, and who received them from the office?

Answer.

I am secretary of the Madison Insurance Company. The only deposite of Binghampton post notes ever made was of twelve thousand dollars, which was made by M. Stapp, fund commissioner, on the 22d day of April, 1840, and was checked out by him on the 22d day of February, 1841. Sometime between the time of said deposite and the time of checking the same out, the post notes were handed to Mr. John Woodburn, who took them to Cincinnati for the purpose of selling or exchanging them for other funds; but being unable to sell them, he returned said notes, after having kept them out one or two days. I believe it was in compliance with M. Stapp's request that said notes were taken out and offered for sale.

Question No. 2.

What funds have been deposited with your company during the past year by the fund commissioner or any other person for him, or any person whatever for the use of or construction of the Madison and Indianapolis Railroad?

Answer.

M. Stapp, fund commissioner, deposited in the office of the Madison Insurance Company the following kind of funds, but for what purpose I never knew, other than for safe-keeping, and drew the same out himself and by his agents, as follows:

<i>Dr.</i>	<i>M. STAPP, Fund Commissioner.</i>	<i>Cr.</i>
April 20, 1840.	To check self, Circleville,	\$500 00
" 30,	" " "	2,300 00
May 5,	" " J. H., Manhattan,	1,000 00
" 6,	" " H. S.	1,000 00
Feb. 20, 1841.	" " Madison Co.*	1,540 00
" 22,	" " self Bing. P. notes,	12,000 00
" 22,	" " " Circleville,	10,000 00
March 1,	" " " by J. K. to W. H.,	2,000 00
" 5,	" " " Mr. Brown, Cir'le,	12,000 00
" 8,	" " " by J. K. to self, a'gt,	1,520 00
" 18,	" " " by W.H.jr. W.N.Y.	515 00
June 10,	" " \$50 bills State scrip, self,	2,950 00
" 10,	" " balance,	155 94
		<hr/>
		\$47,480 94
		<hr/>
		<hr/>
April 20, 1840.	By Circleville money,	\$6,860 00
" 22,	" " Binghamton P. notes,	12,000 00
" 23,	" " Manhattan money,	3,000 00
Feb. 20, 1841.	" " Circleville money,	22,155 94
" 20,	" " Western N. Y. money,	515 00
" 22,	" " \$50 bills State scrip,	1,950 00
March 2,	" " \$50 " "	1,000 60
		<hr/>
		\$47,480 96
		<hr/>
		<hr/>

* The Madison Co. above referred to, is not the Bond Company.

Question No. 3.

Who are the individuals who compose the Bond Company at Madison, Indiana?

Answer.

I have always understood and believe John Woodburn, George W. Leonard, J. & V. King and William Hendricks to be the Bond Company at Madison, Indiana.

Question No. 4.

Have you at any time had any knowledge of any transactions of any kind whatever between what is called the Bond Company and Milton Stapp, fund commissioner? If so, give all the information relating thereto, that you may have heard spoken of by Milton Stapp or the Bond Company, or any member thereof.

Answer.

The Bond Company and M. Stapp, fund commissioner, often held meetings in the office of the Madison Insurance Company. I was never knowing to the particulars of said meetings. I recollect at one time, after one of their meetings, when all had left the office except Mr. J. Woodburn, when he remarked to me that he had succeeded in getting M. Stapp to become responsible for his proportion of all losses that the company might sustain through his operations for said company; and also remarked that they now had him in a position that he would be compelled to stand up for their interest. Mr. John Woodburn told me that they had in their possession a letter from M. Stapp, stating that he was or would become responsible for his proportion of all losses that might be sustained by said company.

Question No. 5.

Have you any idea, judging from any transactions or information you may have received from any source whatever, that there has been any transactions whatever between or by Milton Stapp or the Bond Company, or any member thereof, either in State bonds or State scrip? Give us all the information you have in regard to any transactions, contract or agreement or understanding whatever that has any appearance of corruption, wherein the State or any person may have been the loser or sufferer.

Answer.

I recollect of hearing several of the Bond Company speak of the fine opportunity of making money by buying State bonds in the hands of the contractors on the railroad, at seven hundred and fifty dollars per bond, and paying them out at par on the estimates to contractors on the railroad, and to M. Stapp, fund commissioner, upon their final settlement with him.

By request of some of the members of the company, I bought several State bonds, at 750 dollars per bond, and know that a number of other bonds were bought by said company, at the same price. The greater portion of said bonds were bought, I believe, from contractors on the railroad. The time of buying these bonds was, I believe, during the years 1839 and 1840. About the 4th or 5th of December, 1841, Mr. John King handed me 16,250 dollars of fifty dollar bills Indiana State scrip, and requested me to go to Cincinnati and dispose of the same for other funds. I went, but did not sell any of said scrip. The greater portion of said scrip is still in my possession: having disposed of a portion of said scrip in Madison, since my return from Cincinnati.

I do not know positively to whom this scrip belonged ; but at the time of receiving said scrip, I was under the impression that said scrip was the property of the Bond Company, from the fact that I was informed by some of the Bond Company that a portion of the proceeds of said scrip was to go to the payment of several notes of said Bond Company. And the fact of it having been handed me by Mr. John King, one of the company, under whose charge the money of said company was generally kept.

Question No. 6.

Do you know, or have you any idea that Mr. Stapp is or has been the agent of what is called the Bond Company, to transact their business, or any part thereof, either in selling bonds, or collecting the proceeds thereof? State all you know on the subject.

Answer.

I never, for a moment, doubted but what Mr. Stapp was in fact their agent ; for I heard members of that company say that they were afraid that Mr. Stapp was more interested in giving his attention to some other of his transactions, in which he was more deeply interested ; and that they thought it was necessary to send on one of their company, to New York, and let him see that their interest would be properly attended to.

Question 7.

Who are the principal stockholders and directors of the Madison Insurance Company?

Answer.

The principal stockholders in the Madison Insurance Company are, John Woodburn, William Hendricks, V. and J. King, and George W. Leonard. The directors of said company are, John Woodburn, William Hendricks, Victor King, George W. Leonard, and Culver Woodburn.

GEORGE GIVENS.

Mr. Samuel Hanna then replied to interrogatories previously propounded, as follows, to wit:

Interrogatory No. 1.

State, whilst you were fund commissioner, who your colleagues were, whether you, or they, or either of them, violated the laws of the State, and your or their duties; whether any loans, moneys, compensation or gratuity were received by either of you, from any bank, company or individuals with whom either of you had transactions as fund commissioners, and not credited to the State either at the time of said transactions or since. If so, by whom and what amount; whether any profit or State funds have been appropriated to your, or their use or to either of them. If so, to whom and what amount? Whether any losses which should have been borne by either of you, have been carried to the debt of the State. If so, to what amount; whether you or your colleagues, or either of them have sold bonds to irresponsible individuals, banks or companies, without authority, and without the sanction of the others, and who those persons were?

In addition to the foregoing, the committee desire especially, to be informed of all that relates to the transactions of Dr. Coe, with the Staten Island bank, or Whaling company, and the loss thereby whilst he was a director, or about the time he held that office, together with the probable or certain gain to himself, if any there was, also, as to the influence the Morris Canal and Banking company exercised over Dr. Coe, whilst acting as fund commissioner, and your information of the cause of that influence; state fully and particularly all you know.

State, also, whether either of the fund commissioners speculated in State bonds of any of the States, and the probable profit thereon; also, especially as to the transactions of certain free Banks of New

York, and whether Dr. Coe did have the sanction of his colleagues in these transactions.

State, also, all you know respecting commission or brokerage having been received by any fund commissioner.

Reply.

In answer to interrogatory No. 1, I say that my colleagues, while I was fund commissioner, were first, Messrs. Sullivan and McCarty; after Mr. McCarty's resignation, Dr. Coe was appointed in his place, they were then Messrs. Sullivan and Coe; and after the resignation of Mr. Sullivan, Mr. Smith was appointed, my colleagues were then Messrs. Coe and Smith. Neither my colleagues or myself to my knowledge violated the laws of the State or their duties. No loans, moneys, compensation or gratuity, were received by myself, or to my knowledge, by either of my colleagues, from any Bank company or individual with whom either of us had transacted business as fund commissioners, in making loans which was not credited to the State at the time—no profit or State funds been applied to my own use, or to my knowledge, by either of my colleagues to their use—no losses which should have been by myself borne, or by either of my colleagues, have at any time been carried to the debt of the State to my knowledge. Neither myself, nor to my knowledge either of my colleagues, have sold bonds to irresponsible individuals, banks or companies, without authority or without the sanction of others, unless selling bonds on time might be considered without authority. I know nothing of the transactions of Dr. Coe with the "Staten Island Bank" or Whaling company, or of the losses thereby while he was director of said company, if he ever was one, nor do I know whether he ever did or did not derive any gain from his transactions with that institution. I know of no particular influence the Morris Canal and Banking company had over Dr. Coe while I was associated with him, other than the good standing that institution was in at the time from the favourable exhibit of its condition, vouched by some of the first men of the nation at the head of the directory. I know Dr. Coe had great confidence in the integrity and ability of said company to perform its contracts with the State; and I know of no other facts than those alluded to which did give said company influence over him, if they had any. None of the fund commissioners speculated in State bonds to my knowledge. I know nothing of the transactions with the free banks of New York, except from official reports to the Legislature. I know of no return, commission or brokerage of any kind being received by any fund commissioner.

Interrogatory No. 2, by Mr. Hannegan.

Do you know of any public officer having realized any individual profit by the use of or credit of the bonds or funds of the State? If so, state whom, how, to what amount, and the time when?

Reply.

I know of no officer having any individual profit by the use of or credit of the bonds or funds of the State, unless the defalcation of John Scott and David Burr, which has been officially reported to the Legislature, comes within the perview of this interrogatory.

SAMUEL HANNA.

On motion of Mr. Hannegan,

Mr. Samuel Hanna was excused from any further attendance before this committee.

MR. JOSEPH H. HENDRICKS replied to interrogatories previously propounded, as follows, to wit:

Interrogatory No. 1, by Mr. Cooper.

Was you a contractor on the Madison and Indianapolis Railroad? and was your contract on the section of the road called the "deep diggings."

Reply.

I was, and my contract was at the "deep diggings."

Interrogatory No. 2, by Mr. Cooper.

How much was due to you in May or June, 1840, at the time contractors were paid off in treasury notes, on condition that they would abandon their contracts?

Reply.

About twenty thousand dollars.

Interrogatory No. 3, by Mr. Cooper.

Were you paid up fully in Treasury notes to that time?

Reply.

I was with the exception of five hundred dollars. "Explained in note below."

NOTE—Of said payment there were seven thousand and five hun-

dred dollars, which was only verbally made at the time the drafts were presented, because of the lack of treasury notes at the time.—On account of said lack of treasury notes, I was given a certificate for said seven thousand and five hundred dollars, when the amount of said certificate (as is stated by the clerk of the fund commissioner) was put up and sent to me, it lacked five hundred dollars, as those who counted it have sworn, (I being absent.)

In answering this question to the Investigating committee in the Senate, I forgot to append this explanation of the five hundred dollars not received.

Interrogatory No. 4. by Mr. Cooper.

Were you requested to abandon your contract?

Reply.

I was not.

Interrogatory No. 5. by Mr. Cooper.

If you were not requested to abandon your contract, how did you manage to get your full pay from the fund commissioners?

Reply.

I managed nothing about it further than to lay open a book in which I had written the names of fourteen firms or houses; when I was asked for names, and without any comment upon the matter or names by me, and without being asked any questions about said names by any body, the checks were filled up with just such names as the writer of the drafts thought proper to choose. The checks were made out in the name of the first seven firms or houses alluded to.

Interrogatory No. 6. by Mr. Cooper.

Who was the acting commissioner of the board of Internal Improvement on the road, when the payment was made?

Reply.

Noah Noble.

Interrogatory No. 7. by Mr. Cooper.

Did that commissioner give you drafts in favor of fictitious names, or in favor of persons who were not entitled to them, for the purpose enabling the same to make you full payment?

Reply.

This interrogatory is to me somewhat difficult to understand, but I will answer as I understand it. The names in the drafts were not fictitious, although I consider the transaction fictitious, some of the individuals named in the drafts I did not owe anything to. The draft was as I understood the transaction, to make full payment.

Interrogatory No. 8. by Mr. Cooper.

Was this 80 understood by the commissioner at the time he gave you the draft?

Reply.

It was.

Interrogatory No. 9. by Mr. Cooper.

What was his object in giving you drafts?

Reply.

I have no doubt his object was to benefit the contractor, but principally to get the job finished, with a view of finishing the road down the plane.

N. B. I would add, that to the names written out, spoke of in my answer to question 5th, I did not even affix any sum or sums to said names.

J. H. HENDRICKS.

Committee adjourned to Monday Jan. 10th 1842, at half past six o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,
Monday, January the 10th 1842, half past 6 o'clock, P. M.

The committee of Investigation met pursuant to adjournment.

Present—Messrs. Hannegan, (Chairman) Brown of D., Brown of M., Cooper, Davis, Defrees, Marshall, Ritchey, and Mitchell.

Gov. NOBLE submitted his answers to interrogatories previously propounded, as follows, to wit: marked F.

F

Interrogatory No. 1, to N. Noble.

Do you or not, know of the formation of a company, shortly after the adoption of the system of internal improvements, for the purpose purchasing lands on the line of public works; and if so, who composed that company?

Interrogatory No. 2.

By what authority did Gen. Stapp loan the bonds of the State to Henry Roop and others, and what amount of bonds did Gen. Stapp loan during the time he was fund commissioner, and the terms upon which he loaned them.

Interrogatory No. 3.

State more fully than in your report, if possible, in relation to the bonds held by Nelson Robinson for the private purposes of Gen. Stapp, and in what manner did you derive such information?

Interrogatory No. 4.

What was the value of the Indiana bonds in January, 1841; also, in March of the same year, in New York?

Interrogatory No. 5.

Who put the Indiana dollar bonds in circulation, spoken of by Gen. Stapp, in his letter to Nelson Robinson, bearing date, January 13, 1841; and was Gen. Stapp authorised as fund commissioner, to purchase in the bonds of the State?

Interrogatory No. 6.

Do you know who compose the Madison company? If so, please state the names?

Interrogatory No. 7.

Have you any evidence that Gen. Stapp was the agent of the Madison company, during any part of the time he was fund commissioner; and if so, what?

Interrogatory No. 8.

What amount of State bonds have the Madison company received

from the State, and what is the character of the security given by said company for said bonds?

Interrogatory No. 9.

Have you any knowledge that the Madison company is purchasing up the bonds of the State at very reduced prices, with a view of returning the amount of bonds they have received from the State?

Interrogatory No. 10.

Why were not the contracts on the Madison and Indianapolis Railroad surrendered to the State, and the damages assessed in favor of the contractors?

Interrogatory No. 11.

Has the Madison company any funds in their hands arising out of the appropriation on that road, out of which they ought to pay the contractors on said road?

Interrogatory No. 12.

What was the arrangement made by you with the company at Madison, by which the Madison and Indianapolis Railroad was carried on last year? If any arrangement was made state it, and what was to be done by you on the part of the State; and have you done all which was to be done on the part of the State in that matter?

Interrogatory No. 13.

Have you at any time, whilst acting as fund commissioner, been engaged in private speculations requiring your personal services in New York or elsewhere? Or have you at this time, one or more contracts which will require your personal services in New York or New Orleans during the ensuing year?

Interrogatory No. 14.

Have you now, or have you heretofore, had any connection with any moneyed institution, association, broker's office or bank, in the city of Cincinnati?

Interrogatory No. 15.

Is there any arrangement between yourself and Enoch D. John, or any other person, for dealing in produce and exchange in Natchez, New Orleans, or elsewhere in the south, during the ensuing winter?

Interrogatory No. 16.

Have you or Enoch D. John guarantied to one or more of the branches of the State Bank of Indiana, the performance of certain obligations of a certain bank in Cincinnati? If so, state the particulars of the transaction?

Interrogatory No. 17.

Have you ever negotiated money, loans or accommodations of a private character, and for private purposes, on the pledge or credit of Indiana State bonds?

Interrogatory No. 18.

Have you in person, or otherwise, furnished Enoch D. John, or any other person, with treasury notes for the purposes of traffic or exchange?

Interrogatory No. 19.

Did R. & S. Tyner, at Brookville, or elsewhere, or any other person, make purchases of treasury notes for your benefit, or were you in any manner affected by their trade in treasury notes?

Interrogatory No. 20.

Have you ever deposited with, or transmitted to, J. and W. D. Jones of Cincinnati, treasury notes to exchange for your benefit solely, or for the joint benefit of yourself and others?

Interrogatory No. 21.

Did E. S. Alvord and Co. at Indianapolis, purchase treasury notes for your benefit, or exchange Gallipolis paper for you for treasury notes?

Interrogatory No. 22.

Have you ever furnished any person or persons, with a list of the names of contractors who had estimates, and who would probably have to sell or cash the same, or who would be likely to have treasury notes to sell?

Interrogatory No. 23.

Have you ever authorised any person, upon the Madison Railroad line, to purchase the certificates of contractors at the time of the settlement of sections, or at any other time?

Interrogatory No. 24.

Did you, in the year 1839, or at any other time, as canal commissioner, pay out Gallipolis bank paper to contractors and others, entitled to public money on the public works?

Interrogatory No. 25.

Have you ever permitted persons who were employed by you as commissioner to make settlements with contractors, to purchase the estimates of such contractors?

Interrogatory No. 26.

Do you know of persons so employed by you, making such purchases of estimates or certificates, and paying for the same in Gallipolis paper?

Interrogatory No. 27.

Do you know of any person or persons at Indianapolis, Brookville, Lawrenceburgh, Madison, Cincinnati, or at any other place, who were in the business habit of purchasing contractors certificates, or estimates, or Indiana treasury notes?

Interrogatory No. 28.

Were any such purchases made through your instrumentality, or had you any participation in, or resulting profit from said transactions or any of them?

Answer to the 1st Interrogatory.

Speculations in lands began the year before the adoption of our system of internal improvement, and were, I believe, continued some two years after. Entries and purchases, second handed, were made on the lines of the public works, as I learned from individuals, and from rumor. These, I think, however, were made by individual means, or by the united means of two or more; but I have no knowledge of any *land company* with large capital, or many persons who made such purchases. Nor have I any reason to suppose that any of the public officers were members of such associations.

Answer to 2d Interrogatory.

As to the authority Gen. Stapp had for loaning the State stocks, I have to say, that I presume he had none given him by law; and as

to the amount loaned, I have no evidence of any but the 45,000 dollars to Danforth, the 10,000 to Roop, and 60,000 to the North American Trust and Banking Company. The 111,000 dollars which he let the officers of the Morris Canal and Banking Company have, as he says, in December, I have to regard as a loan, as stated in my report, and for these reasons: In delivering the bonds, obligations, stocks, and papers to me, in March and April, while in New York, (a list of which was entered in a blank book, by Mr. S. Day, under direction of Gen. Stapp,) he did not allude to any new sale to the company. In August he handed me the 100,000 dollars of notes of the coal agent of the company, and said they were for 111,000 dollars of bonds. Expressing my surprise at any new transaction with the company, and at his silence from March until August, Gen. Stapp said he expected to be able to get a return of the bonds, and that the officers of the company had so promised him, but that they had not complied. From my knowledge of the inability of the parties to the notes, I urged the officers of the Morris Canal Company, to give some other indemnity; expressing a deep reluctance in reporting this new transaction upon no better security than the obligation of the individual employed to sell coal. They assured me that they had no security which they could give, and expressing their regret at the disappointment, said they expected to return the bonds, but being delayed in the improvements making in their canal, beyond the time contemplated, and deprived of the receipts expected from its completion, they had not been able to comply. As to the terms of any of the loans, I know nothing.

Answer to the 3d Interrogatory.

Of the bonds held by Robinson, for Gen. Stapp's use, (60,000) named in my report, I can say but little more, except that Mr. Robinson, in our articles of compromise, and in his account of sales rendered, speaks of them as being held for the "*private purposes*" of General Stapp.

Answer to the 4th Interrogatory.

The value of Indiana bonds up to the date of Gen. Stapp's letter of authority, of the 13th January, was, I think, not below 75 cents to the dollar; but in March they had fallen as low as from 51 to 53 cents to the dollar.

Answer to the 5th Interrogatory.

The "dollar bonds" alluded to in the letter of Gen. Stapp, embraced all our stocks payable in New York; all such being called "dollar bonds," because they are payable in the currency of the United States. Those payable in London and in the currency of England, being called sterling bonds.

Answer to the 6th Interrogatory.

The Hon. William Hendricks, John King, Victor King, George W. Leonard, and John Woodburn, are the members of the Madison company who purchased the railroad bonds, in the fall of 1839.

Answer to the 7th Interrogatory.

In the report of Gen. Stapp, the last year, he says he delivered to the company, at one time, 180 bonds, and at another time, 41, making 221. The first delivery of 180, were sold by Gen. Stapp, in New York. He received, approved, and managed the bonds and mortgages then taken, and subsequently attended to the collections of the money for the company. This information I had from Gen. Stapp, from the company, and from the facts coming to my knowledge when at the east. I therefore spoke of him in the character of an agent, in my report, knowing that it was by his agency the sales and collections were effected. I have other evidence of his services in that character; but whilst there is the prospect of a suit, with a denial of his agency on the part of the company, I cannot now communicate them with propriety.

Answer to the 8th Interrogatory.

The number of bonds delivered to the Madison company, as appears from the report of the commissioner of the last year, was 221, up to the date of that report. Since my appointment, they have had 89, as stated in my report. Of the character of the securities given by the company, I can only say, I know of no other than the claims derived from the sale of the bonds in the east. For those delivered this year, the company have (in payment,) delivered the estimates and drafts mentioned in my report, covering very nearly, if not quite, the proceeds of the bonds, part of which are held for consideration, as stated.

Answer to the 9th Interrogatory.

In the account of the company, as settled by Gen. Stapp, and embodied in my report, they stand credited with 20 bonds, purchased by them, as I have been told, to make up their losses in the debt on the Seneca County Bank. They were purchased, I think, at 75 cents to the dollar, and are all that were purchased, that I have heard of.

Answer to the 10th Interrogatory.

The reasons for preventing the surrender of the work by the contractors, I am not prepared to give. I only know that they did not accept the offer of damages on the railroad, nor on the White-water canal; and at several other points a few individuals held on. It is

probable, however, that local influence and the hope of the acquisition of means to finish the prominent lines were chief causes and inducements to hold their claims to the work.

Answer to the 11th Interrogatory.

I have stated in my report that although the accounts of the company had been settled and receipted by the late commissioner, the sum of 46,000 dollars had not been realised on the debts due from the sale of the bonds of the company; and that there was a further probable sum of 12,000 dollars that the State had not realised. I also mentioned that steps had been taken on the subject, in compliance with my views of duty. It is but right, however, to say, that a defence will be made to these demands by the company, as I am notified by them, and whether they will be a sufficient reliance for the claims of the contractors, postponed for the want of the railroad bonds, is a question for the consideration of others.

Answer to the 12th Interrogatory.

I made no other arrangement relating to the work on the railroad, nor with the parties connected with it, than that of continuing the contract with the Madison Company to the 1st of December. On my part, as the agent of the State, I could not deliver bonds to the amount of the work remaining unpaid at the time of my appointment, and since performed by the contractors, for the reason that the railroad bonds had been otherwise disposed of by my predecessor, as explained in my report.

Answer to the 13th Interrogatory.

I have had no speculations of any kind in the city of New York or elsewhere, requiring my services or attention there or at New Orleans, now or hereafter.

Answer to the 14th Interrogatory.

I have not now, nor have I ever had, a dollar's worth of stock in any of the banks, moneyed institutions, associations or brokers' offices in the city of Cincinnati, in Indiana, nor elsewhere.

Answer to the 15th Interrogatory.

I have no engagement with E. D. John or any other person, for dealing in produce, exchange or anything else, in any city of the south during the winter nor thereafter.

Answer to the 16th Interrogatory.

I have not entered into any guaranty with E. D. John for the per-

formance of any contract or obligation of any bank of Cincinnati with a bank in this State. Such a thing has never been named to me.

Answer to the 17th Interrogatory.

I have made no loans of a private character or for private purposes on State stocks since my appointment as fund commissioner.

Answer to 18th, 19th and 20th Interrogatories.

I have transmitted to or through E. D. John, the Messrs. Tyner and the Messrs. Jones, large sums of treasury notes, which will be again referred to; but I have not furnished them any for exchange for my benefit, and I had no interest or profit in them.

Answer to the 21st Interrogatory.

Messrs. Alvord & Co. never purchased nor exchanged treasury notes for me with Gallipolis money. I have had no share of the profits they may have made in the line of their business, by the purchase of treasury notes or any thing else.

Answer to the 22d Interrogatory.

The only lists of the names of contractors or other creditors of the State I have any recollection of making, were given to persons engaged with me, to enable them to settle accounts and take vouchers, or for some such purpose. The suspension of the payments on the public works created so much embarrassment among the contractors and others, that many were obliged to raise funds by a pledge or sale of their drafts and treasury notes. For such purposes, applications were frequently made to me by letter and otherwise; and I may, in some such instance, have given the names of the parties, and particularly if requested of me; but I am quite mistaken if I ever made out such a list, and if I did, I had no interest in it.

Answer to the 23d Interrogatory.

I have not authorised the purchase of contractors' certificates on the railroad; nor have I shared with others in the profits of any purchases that may have been made.

Answer to the 24th Interrogatory.

In the fall of 1839, whilst out on the lines of the public works, I was called home to receive a sum of money said to be sent out by the fund commissioners under some engagement to receive Western funds. On my return to the seat of Government, I found M. B. Sherwood in the character of Vice President of the Erie county Bank. He said the

Erie county Bank was indebted to the State for bonds to be paid in Western funds, and that he had brought \$75,000 of the paper of the bank of Gallipolis, which he proposed to pay over to me as President of the State Board of Internal Improvement, for disbursement on the lines; and I understood him to say he had been sent by the fund commissioners—the Board being then composed of Messrs. Stapp and Scott. In the course of our conversation I ascertained from him that the old charter of the bank had been bought, and that the bank had been started anew by himself and others, and that the paper he wished to pay over was of its first issue, dated but a few days before. Not having received any notice or instructions from the fund commissioners of the object of this visit by Mr. Sherwood, I agreed to receive, in my official name, the paper, and hold it subject to the consideration and future order and disposition of the fund commissioners. This being settled, Mr. Sherwood requested when the money was approved and ordered to be paid out by the fund commissioners, that the monthly payments should be small. The paper was received and deposited in the vault, and left in the care of the Secretary of the fund commissioners; and all the particulars were reported by me to that Board. Some month or two afterwards, the fund commissioners directed the money to be paid out by the members of the Board of Internal Improvement, but in this they were limited to ten thousand dollars per month by order of Gen. Stapp.

Answer to the 25th and 26th interrogatories.

I never did permit any one, in the settlement with contractors to purchase their estimates. It not being possible that I could be present at all the heavy settlements made with the contractors in the winter and spring of 1839–40, I needed the service of efficient and competent clerks to make the settlements under the superintendence of the Engineers. The settlement at Andersonstown, North of Indianapolis, being at hand, I first applied to Douglass Maguire, who could not aid me; next, I applied for Sherman Day, the assistant of the Chief Engineer, but he could not be spared. Failing in these and one or two applications to others, and having Mr. Alvord recommended as an accountant of great accuracy, I applied to him, stating, I think, that it would not do for any one in my employ to deal in the claims on the lines. With the close of the settlement, Mr. Alvord's services closed, except with a few non-resident persons who could not attend at Andersonstown, and who came to Indianapolis to settle.

At the settlement on the Railroad in February, I again requested the services of Mr. Alvord, but placed him under restraint in reference to the purchase of claims on the line. Of this restraint, Mr. Alvord informed the Engineer, Capt. Morris, whilst making the settlements. I have, however, reason to believe that Mr. Alvord did buy a small amount of claims, contrary to the understanding. Whatever may have been the kind of money used, it was not furnished by me for that

purpose, nor did I receive any benefit or profit from the claims he may have procured.

In the spring and summer of 1839, the Gallipolis paper formed a part of the floating currency, and was frequently exchanged by merchants and others at the house of Alvord and Morrison. This I ascertained from both parties. The paper thus procured was employed by them in the line of their business, and among other things in dealing in drafts and treasury notes. None of these were made for my benefit, nor did I enjoy any profits from them.

Answer to the 27th and 28th interrogatories.

Of the purchases made at Indianapolis, Brookville, Lawrenceburg, Madison, Cincinnati, or elsewhere, I know little, but have heard much. Upon one of my trips to Brookville on the business of my office, I casually saw Messrs. Tyner & Co., taking the claims at their store, and I saw, through the settlement made with contractors, that they held large claims for moneys, goods, and supplies furnished the contractors during the suspension of payments by the State, while the work was progressing. Like claims were due to other merchants.

At Lawrenceburgh, on one occasion, Mr. John spoke of some claims he had procured, and stated the object or application to be made connected with his engagements and improvements about the canal, but I do not recollect the amount of the claims, if I ever knew, or the object in getting them. Whatever may have been the nature and extent of the purchases at either of the places named, they were not at my instance, nor have I participated in the profits of the parties, either entirely or in part.

In the course of the adjustment of the demands of the contractors and their creditors, collections from claims put into my hands were made by me for more than \$50,000, and the treasury notes so received were transmitted to all of the above mentioned places; but I had no interest in the funds. In rendering these services to others, they were intended only as kind offices, to which I was made liable from the place I held.

The large traffic had in the claims upon the State, in their several forms, grew out of the suspension of cash payments on the lines of the public works in the fall of 1839. It obliged contractors to use their credit with merchants and others, thereby adding to the debts before made, with the expectation of payments from the regular periodical disbursements. The necessities of the operators and creditors, arising from this accumulated amount of indebtedness, were the cause of much traffic. Claims were transferred from one to another, many of them falling into the hands of retailers, who, in turn, disposed of them to merchants out of the State. A few successful arrangements said to have been made at the East by several merchants, in which Indiana scrip was taken, made it an object at Cincinnati and Louisville, as was believed, and no doubt, many of the investments made

were for those points; but I have no personal knowledge on the subject.

Before leaving the subject, I will avail myself of the opportunity to say, that with the hope of checking to some extent the traffic in State claims, and to induce the public to give the Treasury Notes a fair trial, thereby avoiding the evils of a depreciated currency, so far as they would form a part of the circulation, I wrote private letters to Col. Dillon, Logansport, Mr. Dowling, Terre Haute, Mr. McCleery, and perhaps the Editor himself, at Brookville, suggesting the propriety of some editorial notice of the issue of Treasury Notes provided for by law, inspiring the public with confidence, and recommending that they should be received and paid out by merchants and others, with common consent. Concurring in the views I had ventured to give, Col. Dillon at Logansport and Mr. Dowling at Terre Haute, in editorial articles, brought the subject before the public. At my request the "Journal" at Indianapolis, either furnished an article or copied one from another paper; and other papers did likewise. I had a correspondence with Mr. Graham on the same subject, and in reply to a letter of mine, he addressed me one, of which the following is an extract:

"Merchants, farmers and all others are glad to get in payment of debts, or for sale of merchandise, drafts at par upon Fund Commissioners, and I have no doubt but what the Treasury Notes will go at face.

Whilst at New Albany I visited Louisville, and there found the drafts issued by me going in payment at par of debts due to wholesale merchants, and in purchasing goods at *cash wholesale prices*, at New Albany, Paoli, Salem and Evansville, the merchants will as they have done, endeavor to keep up the credit of the State."

Respectfully,

Your friend,

J. A. GRAHAM."

Whilst I disclaim any dealing upon Treasury Notes for the sake of profit in the traffic, and although the foregoing questions do not require it, I have no objection to say, that in dealing in stock for my farm, in the payment of my contracts with merchants and others, when I could do so, and for the payment of my taxes, I have not hesitated to make exchanges for Treasury Notes, whenever I have found it to be my interest.

Interrogatory by Mr. Davis.

What was your reason for extending or reviving the contract with the Madison Company, on what conditions was it done, and was the company thereby released from the payment of Hendricks's claim, or was it intended thereby to release them? Please state fully every thing connected with all of the above matters.

Answer.

After I had entered upon the duties of Fund Com'r in March last, I went to Madison and found the unpaid work performed by contractors amounted to about \$40,000 dollars. At that time the law of the last session authorizing the conditional purchase of \$100,000 of Railroad Iron, had not been acted upon by the counties interested. To enable the company to comply with their engagements with contractors, the delivery of bonds to afford time for the counties to act upon the new law by imposing the additional tax, and for other reasons specified in my report, the old contract was extended to 1st December, reserving to myself the right of revoking it if thought best from after information. The stipulation against the claim of Mr. Hendricks had nothing to do with the old debt due from the company, but only released them from liability for money to be paid him from any bonds that might be necessary for contractors after the first March last.

N. NOBLE.

Mr. SAMUEL LEWIS submitted his answers to interrogatories previously propounded as follows, to-wit:

INTERROGATORIES TO MR. LEWIS.

Question 1st.

When did you become a member of the board of Internal Improvement? How long did you serve as such, and who were members of the same board with you?

Question 2d.

What plan was adopted by the board of Internal Improvement as to out-lays on the public works? And what reason operated on the board to induce them to undertake all the works at one time?

Question 3d.

Was the commissioner resident on a given work made superintending agent of that work? How were funds supplied him from time to time to make his disbursements? And how often did he account to the board for his out-lays on the work which he superintended? (Speak as to the manner in which the members of the board drew for funds, and what checks were imposed on our drawing?)

Question 4th.

State whether any member of the board, and if so, what member derived any advantage or profit by the use of the public funds, or whether you have any information? And if so, what, which would induce you to suppose that any member of the board of Internal Improvement used any of the public funds for his private profit, or delayed to account for the same at a proper time?

Question 5th.

State what information you have, if any, which would induce you to believe that the location of any public work or part of same had been made or changed with a view of enhancing the value of the private property of any member of the board of Internal Improvement, or of the members of the engineer corps?

Question 6th.

State what information, if any, you have which would induce you to believe that the members of the board of Internal Improvement, or any member of the same were governed or influenced in the lettings made by them by views of private interest contrary to the public good?

Question 7th.

State any information you may have tending to show that any of the superintending officers of the public works were guilty of accepting bribes, or conniving in any way at the practice of defrauding the State, by allowances to contractors of more than they were entitled to by law?

Question 8th.

Who was the acting commissioner on the Madison and Indianapolis Railroad, when the Madison hill or deep diggings was put under contract?

Question 9th.

Is the property of either member of the board of Internal Improvement dyked or defended from the freshets of the Ohio river, by the Madison Railroad, beneath the deep cut, if so, whose property is thus defended?

Question 10th.

Did the interest of the State demand a thorough cut through the Madison hill? Would or would not a tunnel have been cheaper, and what advantage is it expected that the letting of that cut is to the State? What is the total cost of that cut, and the embankment and culvert beneath the hill? State all the information that you have on the subject?

Question 11th.

By whose directions, and on whose recommendations was one Beckwith employed as an engineer on the Madison and Indianapolis Railroad, and when, and for what was he discharged?

Question 12th.

How long had said Beckwith been engaged in receiving bribes for false and fraudulent estimates before detection, how was his rascality discovered, and by whom?

Question 13th.

What reason have you, if any, for believing that any member of the board of Internal Improvement, or chief engineer fraudulently at any time connived at the allowance of higher wages to contractors, than the contract price, or connived at lettings being made at a higher rate than the market price for such work?

Question 14th.

Did any member of the board of Internal Improvement at any time make lettings to a greater extent than ordered by the board, if so, state who, and when those lettings were?

Question 15th.

State what allowances were made while you were on the board to members thereof for extra services and expenses? And what reason, if any, you have for believing that such allowances were excessive?—Please refer to such records and memoranda as will aid you in answering this question?

Question 16th.

How much authority did the board delegate to the separate members thereof in superintending the respective works, and were their acts in making lettings &c., regarded as obligatory on the board?

Question 17th.

What reason have you for believing that any of the lettings were secretly or unfairly made by any member of the board, with a view of securing a profit to himself or his friends?

Question 18th.

What contracts, if any, were taken on the public works by members of the board? At what prices, and was there or was there not in the taking of such contracts a fair competition among bidders?

Question 19th.

Were any members of the board at any time secretly interested in any lettings by them made on the public works? State any information you have touching this matter?

Question 20th.

Was any member of the board of public works, or any engineer engaged on the same at any time, either directly or indirectly engaged in speculation in lands or town lots, on the line of the public works, or any of them? State what information you have on that subject?

Question 21st.

State particularly whether the Railroad at Madison could not have been taken down the hill on a cheaper route, and equally advantageous to the State, and whose private interest in any manner is most particularly benefited, or intended to have been by the adoption of the present route?

Question 22d.

While acting as canal commissioner or member of the board of Internal Improvements, inform the committee whether you applied the money of the State or the use thereof in any way to your own benefit, or as a capital in trade, or to speculate upon in any way, whether in making contracts with the contractors, there was any direct understanding conventional or otherwise, by which they or any of them were to buy or give orders to their laborers for goods on your store.

State also whether you have ever bought up the estimates of contractors at a less price than their full amount for which they were given?

State all you know, and all you have heard which you may have any reason to believe may be true in relation to all, or each, or any of the above particulars, and in relation to any other canal commissioner or

fund commissioner, or member of the board of Internal Improvements, or any other person or persons in any way in the service or employment of the State, and if any, state of whom, and to what extent or amount?

Do you know of any instances in which the funds of the State have been either directly or indirectly made use of to purchase at a discount, or otherwise, the depreciated paper of the Banks of Michigan, or any other State, with which to pay contractors or laborers, on the public works, or any of them. If so, state particularly who, and to what amount, and to whose benefit.

State all you have heard which you have good reason to believe to be true, in reference to any or all of the above particulars?

Interrogatory No. 23, by Mr. Hannegan.

Do you know of any public officer having realised any individual profit by the use or credit of the bonds or funds of the State? If so, state whom, how, to what amount, and the time when?

Samuel Lewis's answer to Interrogatory No. 1.

In the year 1830 I became a member of the board of canal commissioners and continued as such, associated with Messrs. Burr and Vigus, Burr and Scott, and afterwards, with Burr and Johnson, till the year 1836, when I was made a member of the State board of internal improvements, and remained a member of said board until the last of February, 1840. At the organization of the board of internal improvements in 1836, it was composed of the following individuals, viz:

Messrs. Maxwell, Burr, Johnson, Blake, Woodburn, Long, Clendenen, Hall and Lewis. Mr. Hall, however, did not meet with the board, and in a short time after the organization, resigned; he was succeeded by Mr. Clark, and Mr. Graham became his successor. Mr. Burr, I believe, resigned in 1837; Mr. Yandes succeeded him, who resigned, and Mr. Morrison became his successor, who remained a member until the board was re-organized, and reduced to three members, which was composed of Messrs. Noble, Graham and Lewis.

Answer to No. 2.

It was to appoint an acting commissioner on that part of the public work which the board had previously determined to put under contract, with authority to let a certain number of miles of canal or road, or portions of work within defined limits, at a specific time; notice of which was published in various newspapers in different States, inviting the contractors to attend the lettings. But before letting the work, it was made the duty of the acting commissioner, having in

charge that portion of the line, to have it re-surveyed, estimated and located on the most practicable and best route. The representative principle embraced in the law of 1836, made it the duty of the Governor in selecting an individual to be a member of the board, to have regard, as well to his location as qualification, in order that the line of work should be properly represented, together with a specific appropriation made on each line, is what induced the board to undertake all the works at once, and in doing which, they believed that they were carrying out the views and wishes of the legislature, as also, those of a majority of the people.

Answer to No. 3.

In reply to the first part of your interrogatory (No. 3.) I can say that he was. The plan adopted by the board of internal improvements in regard to disbursements on the public works was this: each acting commissioner had authority to draw on the fund commissioners in advance of his monthly payments, for a sufficient amount of money to pay the contractors for work done, and for as much as would likely be required to meet all contingent expenses. But before the money could be paid to the contractors, it was made obligatory for them to procure the certificate of the resident engineer on the line, certifying that a certain amount of work had been done; and on the presentation of such certificate to the acting commissioner, he was authorised to pay him, I think, 90 per cent., retaining 10 per cent. until finished. This plan of operating was continued up to the year 1837, when arrangements were made to pay the drafts of the acting commissioner, when accompanied by the estimate of the resident engineer, at the banks on the lines of the public works by their agents, and in no instance since the change, have the fund commissioners or their agents, been requested by the board of internal improvements, to pay the drafts of the acting commissioner (within my knowledge) unless accompanied by the estimate of the resident engineer, except for contingent purposes.

Answer to No. 4.

Mr. Burr's, which has long since been reported; how applied, and to what purpose I know not, Mr. Johnson reported some six or seven hundred dollars as a balance due, which was said to have been stolen from him on the line of the Wabash and Erie canal. As to the other members of the board of internal improvements I do not know. In relation to my own conduct, I will report more fully hereafter, in reply to your 22d interrogatory.

Answer to Nos. 5 & 6.

I know of none.

Answer to No. 7.

I have no knowledge of any, except Beckwith on the Madison and Indianapolis Railroad, and that only by report.

Answer to No. 8.

Mr. Woodburn.

Answer to Nos. 9 & 10.

As I have never visited the Madison and Indianapolis Railroad, it is hardly to be supposed that I can give any information in relation to that work which would be of any interest to the committee. In all my official duties thereto, I was governed and influenced by the acting commissioner and the reports made to the board by the different engineers.

Answer to No. 11.

I think by Mr. Woodburn, and dismissed in 1839, for making, as I understood, over-estimates to contractors.

Answer to No. 12.

I know nothing about Beckwith's conduct except from information, detected by (I believe,) the chief engineer, Mr. Williams, and dismissed by him and the acting commissioner, Mr. Noble.

Answer to No. 13.

I have no reason for believing that either of the members of the board of internal improvement or chief engineer connived in any way at the allowance of higher wages to the contractors than the contract prices, and in regard to the lettings, so far as I have any knowledge, the contracts were invariably divided amongst the lowest responsible bidders.

Answer to No. 14.

As before stated, at the organization of the Board of Internal Improvement in 1836, the acting commissioner had authority to put under contract a certain number of miles of canal, or road, or portions of work within defined limits, the amount appropriated on the White Water canal, would have enabled the commissioner to put some four or five miles more under contract, amounting to some one hundred and forty thousand dollars. In 1838, the Board appropriated three hundred thousand dollars in addition to the sum previously appropriated.

ted. In Mr. Long's report to the Board as published, it appears that he let five hundred and sixty-four thousand and some odd dollars worth of work, which would seem to show an excess of about one hundred and twenty-four thousand dollars. Mr. Maxwell, I believe had authority to let two hundred and seven thousand dollars worth of work, and as reported and published, he let two hundred, sixty-three thousand, nine hundred and thirty-nine dollars; excess, about fifty-six thousand dollars. Mr. Morrison was authorized to let four hundred thousand dollars worth of work; as published, he and his predecessor let four hundred, ninety-four thousand, eight hundred and forty seven dollars—excess, about ninety-four thousand dollars. Mr. Johnson had authority to let one hundred, sixty-eight thousand, five hundred and forty-one dollars, and as reported and published, he let two hundred, fifty-seven thousand, seven hundred and seventy-four dollars—excess, about eighty-nine thousand dollars. I have however understood that the Resident Engineer reported a greater amount than was let by Mr. Johnson, and that the excess is small. Mr. Woodburn had, including all his operations on the Madison and Indianapolis Railroad, an appropriation of one million and fifty thousand dollars; I understood that he had let to a greater extent than authorized—to what amount I do not know.

Answer to No. 15.

The law establishing the Board of Internal Improvement, fixes the pay of the members at \$2 per day, exclusive of travelling and other contingent expenses; and the Board at their first meeting, thereafter deeming it almost impracticable to procure vouchers for all such expenditures, ordered that each member charge at the rate of \$1.50 per day.

Answer No. to 16.

The authority delegated by the Board to each member was to take charge of that part or portion of the public work or works which had been assigned to him, giving him a general control and superintendency, with authority to let at certain periods, which were generally named by the Board, keeping within the amount appropriated by said Board.

Answer to No. 17.

I have no knowledge of any member of the Board having taken any contract or contracts on any of the public works.

Answer to No. 18.

None within my knowledge.

Answer to No. 19.

I have no knowledge of any.

Answer to No. 20.

I think it likely that some of the Engineers purchased lands and lots on or near the public works—none except for their own use, and none within my knowledge, that had any influence in preventing the adoption and location of the most practicable route—as to the members of the Board, I do not know.

Answer to No. 21.

As before stated, I have never seen the Madison and Indianapolis Railroad; I know nothing of the advantages of the present route over any other that could have been selected.

Answer to No. 22.

Having been a member of the Board of Canal Commissioners and Board of Internal Improvement for a period of 10 years, a great deal of public money must necessarily have passed through my hands, from the fact of my having in addition to my duties as Canal Commissioner and as member of the Board of Internal Improvement, the land department assigned to me, with both the duties of Register and Receiver, and all the risk and responsibility attached to the office, for a period of 8 or 9 years, and for a large portion of the time performed all the labor without the aid or assistance of a clerk. From 1830 to 1836, I think that I served the State at a less average salary than five hundred dollars per annum, out of which I paid my traveling and other contingent expenses, during which time I must have collected and paid over to the State, in small sums, some four or five hundred thousand dollars. It was my practice for a number of years to copy the book of instalments or interest account, and annually meet the citizens on the line of canal at the different county seats, in order to enable them to pay the interest due the State on their lands, which was received in sums varying mostly from \$4 50 to \$12. This course was adopted under the belief that it would facilitate the sale of the lands and promote the interest of the State. Had a different course been pursued, and interest received only at the office, it would in many cases have cost the holders of such certificates as much in traveling to and from the office as their whole interest account. For this additional trouble, risk and expense incurred, I made a charge of \$400, averaging about \$50 per year; as also a charge of \$31 of counterfeit paper taken in the office and irredeemed, both of which charges the Auditor of Public Accounts thinks inadmissible. With this I had supposed that my liabilities to the State had closed,

but recently, perhaps in October last, I received a communication from the Auditor, stating that some discrepancies existed on the book of instalments, amounting to some five or six hundred dollars. This is a matter that I know nothing about, as it was copied by the clerk while I was engaged in other official duties, nor can the facts be correctly ascertained in relation to nearly all of them, short of seeing the purchasers or holders of such certificates, in order to see whether they have in their possession or ever received receipts in my name for such tracts. It seems to me that there must be some mistake about the matter, because the Auditor's report would make me liable for interest one year in advance, from 1841, which would balance their interest accounts up to 1842, when early in 1840 I went out of office. In no instance have the public funds been used as a capital in trade, either by myself or any person associated or connected with me in business. I have no knowledge of any member having made a contract or contracts with the contractors either directly or indirectly, or that there was any understanding in any way, that orders for goods were to be drawn on any member's store, nor have I ever purchased the estimates of the contractors at a less price than the face. As to the conduct of the other members of the Board in relation thereto, or any of the officers connected with the public works, I have no knowledge. I know nothing in relation to the purchase of depreciated paper, after the suspension of the public works. I received a letter from Mr. Hubbard, secretary to the fund commissioners, stating that I could have some ten or fifteen thousand dollars in Gallipolis paper; I however declined taking it. Throughout the whole course of my official duties in the receipt and disbursement of the public moneys arising from the sale of the canal lands or otherwise, I have invariably taken it at the face, and paid it out in the same manner. Mr. Scott, a member of the Board of Canal Commissioners, reported a balance of some four hundred dollars in his hands. I do not know whether it has ever been paid.

Answer to Mr. Hannegan's interrogatory No. 23.

I know nothing I believe except what I have stated.

SAM'L LEWIS.

On motion of Mr. Mitchell,
Mr. Samuel Lewis was excused from any further attendance before this convention.

Mr. Daniel Yandes replied to interrogatories propounded as follows, to-wit:

Interrogatory No. 1, by Mr. Mitchell.

Do you know of any officer on the public works of this State, either directly or indirectly purchasing property within two miles of any canal or Railroad contrary to the provisions of existing law?

Reply.

I believe that A. Morrison Esq., became part owner of a lot in this place some year or two after the canal was located, as to any other I cannot say, Jan. 10, 1842.

Interrogatory No. 2. By Mr. Cooper.

Do you know of any one of the commissioners of the board of Internal Improvement to use any partiality in letting contracts, for the purpose of promoting the interest of any particular contractor? If so, name who, and in what particular?

Reply.

I know of none such.

Jan. 10, 1842.

DANIEL YANDES.

Committee adjourned until to-morrow, (Tuesday,) 11th Jan. 1842, at half past six o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES, Jan. 11th, 1842.
Tuesday, half past 6 o'clock, P. M.

Committee of investigation met pursuant to adjournment.

Present—Messrs. Hannegan, (Chairman,) Brown of D, Cooper, Davis, Ritchey and Mitchell.

Absent—Messrs. Marshall, Brown of M., and Defrees.

GEN. LONG replied to interrogatories previously propounded, as follows, to-wit:

Interrogatory No. 1. by Mr. Davis.

State whether you used any of the funds placed in your hands for

the payment of damages assessed against the State, for your own private purposes, and whether you had any of the same money on hands when you came to settle with the new board as stated in your answer to the interrogatory heretofore propounded to you?

Reply.

I had frequently advanced my private funds and means to aid contractors, when estimates were made and presented, I retained the amounts thus due me, also in the settlement of claims for damages when the claimant was indebted to me, I retained the amount. I cannot recollect the kind of money I had, and therefore cannot say whether I had any of the same when I settled with the new board, whatever I paid was satisfactory to the board.

Interrogatory No. 2 by Mr. Davis.

State in what kind of claims you paid any part of the five thousand dollars referred to in your answer, how you obtained them, and whether you paid a full consideration therefor?

Reply.

The claims referred to were estimates of contractors. I purchased none at a discount, but paid the full consideration therefor. I received them in payment of money due me, and in cases where the estimates exceeded the amount of my claim, I paid the excess in a manner satisfactory to the contractor and myself. During my continuance in office I purchased no estimates at my price.

Interrogatory No. 3, by Mr. Davis.

State at what time you received the funds referred to for the payment of damages, in what kind of money you received them, and what kind of money you paid out in the settlement of damages assessed against the State, if any such claims were so paid by you?

Reply.

I cannot state with certainty the time when I received the funds referred to, but it was shortly before my term of service expired. I cannot say what kind of money I received or paid over to the board on final settlement.

E. LONG.

OFFICE, FUND COMMISSIONER, }
Indianapolis January 11th 1842. }

I hereby certify that as a member of the board of Internal Improvement, Elisha Long's accounts are fully and satisfactorily settled agreeably to the accounts of this office, and that his accounts have been settled since 1839.

W. S. HUBBARD, *Secretary.*

Committee adjourned until to-morrow evening (Wednesday) Jan. 12th 1842, at half past six o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,
Wednesday, Jan. 12, 1842, half past 6 o'clock, P. M.

Committee of investigation met pursuant to adjournment.

Present—Messrs. Davis and Cooper—2.

Absent—Messrs. Hannegan, Ritchey, Brown of M., Brown of D., Mitchell, Marshall and Defrees—7.

There being no quorum present,

Committee adjourned until to-morrow (Thursday) Jan. 13th 1842, at half past 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES, *Jan. 13th, 1842.*
Thursday, half past 6 o'clock P. M.

Committee of investigation met pursuant to adjournment, and proceeded to business.

Present—Messrs. Hannegan, (Chairman) Mitchell, Ritchey, Defrees, Davis and Cooper.

Absent—Messrs. Brown of M., and Brown of D.

Mr. William Hendricks replied to interrogatories previously propounded, as follows, to-wit: (*marked H.*)

H

HON. EDWARD A. HANNEGAN, Chairman of the committee of the House of Representatives:

Sir—

The following are my answers to the interrogatories propounded to me by the committee, of which you are chairman, on the evening

of the 5th present month, except the two last, which were subsequently put :

QUESTIONS BY MR. DAVIS.

Question No. 1.

Was there any correspondence between Gen. Stapp, during the time he was fund commissioner, and the Madison company, on the subject of State bonds disposed of for the company? If so, please produce all the original correspondence.

Answer-

Gen. Stapp was never authorised to dispose of any bonds for the company ; and never did dispose of any for the company within my knowledge. The 180 bonds originally sold by General Stapp, on account of the State, to the Banks of Binghampton, Staten Island, and Seneca, and afterwards taken off his hands by the company, has been, as I presume, sufficiently explained, and is fully understood by the committee.

Question No. 2.

Did Gen. Stapp, during the time he was fund commissioner, make sale of any bonds for the Madison company? If so, to whom—what amount—at what time?

Answer.

Question No. 2, is believed to be fully answered in the above.

Question No. 3.

Did Gen. Stapp extend the time of payment to any purchaser or purchasers of bonds, sold by the Madison company? If so, to whom, and by what authority, and who sold the bonds? Please state fully, every thing connected with all the above matters.

Answer.

Gen. Stapp did not, as far as I know, extend the time of payment to any purchase of bonds sold by the Madison company ; but in relation to the 180 bonds, above referred to, as being sold by Stapp, and afterwards taken off his hands by the company, General Stapp did extend the time to some of these banks, for the payment of some of the instalments as they became due, viz : on the first of January, 1841, for the purpose of procuring eastern funds, he extended an amount due from the Binghampton Bank, from the first of January.

1841, to the first of March then next following. This is called in his settlement with the company, Danforth's acceptance, amount 25,677 dollars and 42 cents, or thereabouts: and the notes of the Staten Island Bank, from the same period, to the first of May and July following, amount about \$20,036 99, giving the Bond Company credit for those amounts, at the date of the extension. These banks were in good credit on the first of January, 1841, but failed before the dates to which these sums had been extended. It is, however, understood and believed, that the securities of the Staten Island Bank are good and sufficient, to purchase in bonds enough, to cover both the aforesaid amounts, and more too. These extensions were given without the knowledge or consent of the company, who had no knowledge of these transactions, till they were subsequently informed of them by Gen. Stapp. The drafts or acceptances, I never saw; and answer this question from the information derived from him. His object, as he admitted to the company, was to obtain from those banks eastern funds, which he could use in the payment of interest on the State debt, instead of western current funds, which those banks were by their contracts only obliged to pay. There may have been other extensions made by Gen. Stapp, but these are all which present themselves to my recollection at the present time.

Question No. 4.

Did the Madison company receive of Gen. Stapp 12,000 dollars in Binghampton post notes? or, had the company in their possession, that amount of Binghampton post notes, or any other amount? If so, how long did the company have them? From whom did they receive them? and what did they do with them?

Answer.

The Madison company never did, within my knowledge, receive from Gen. Stapp any Binghampton post notes, nor had the company, within my knowledge, at any time, in their possession, any such post notes. I never heard it alleged, previous to Gov. Noble's stay at Madison, in October or November last, that the company had ever owned such notes. Gov. Noble mentioned them, and, I think made some inquiries about them.

BY MR. HANNAGAN.

Question No. 5.

Did you ever converse with Noah Noble about Gen. Stapp having used the funds of the State for his private use? If yes, when did that conversation take place, and what did Mr. Noble say on that subject? Tell all about what was said at that time.

Answer.

Gov. Noble was at Madison several days, about the last of October and the first of November, of the year 1841. During that stay, I had frequent conversations with him about General Stapp's acts as fund commissioner, and he told me much of what I find in his report, though nothing directly impeaching the integrity of General Stapp. Wishing his opinion on that point, I asked him if he knew, or had any reason to believe, that Gen. Stapp had in any instance, appropriated any of the public money to his own use or benefit. He replied, that he knew of no such case, and that he did not make any such charge. I then asked him, how he accounted for the things he had stated. He replied, that he accounted for them from General Stapp's want of proper qualifications for the office; from his boyishness, and from the confidence he placed in the sharpers and brokers of Wall-street. I do not pretend to give his precise language, but feel certain that these were his ideas. On another occasion, these same questions were asked Gov. Noble by me, and I received the same answers.

BY MR. HANNEGAN.

Question No. 6.

Have you any reason to believe that Milton Stapp, as fund commissioner of the State, favored you in his settlement with you, in consequence of his promise to bear a proportion of the loss of your company?

Answer.

I have no reason to believe that he did favor the company in the settlement, on that or any other account. On the contrary, I believe that every member of the company thought that settlement illiberal on his part, and that in it the company had not obtained strict justice. As to the promise referred to in the question, I considered that nugatory; was not present when it was received, nor do I remember that its existence or contents was communicated to me for some time after it was received. It was subsequently proposed to return it or destroy it, but to this it was objected, believing that it would better explain itself, than it could be explained in any other way.

BY MR. HANNEGAN.

Question No. 7.

Did you think him honest towards you, or otherwise?

Answer.

I do not know that I had reason to think him dishonest, but thought that he leaned so strongly to the interests of the State that he was, though perhaps unconscious of it, illiberal and unjust towards us. I was not present all the time of the settlement, but was present at its close.

Question No. 8, by Mr. Davis.

Was there any work done on the Madison and Indianapolis Railroad which was to be paid in State bonds or which was paid in State bonds? If so, to what amount? who did the work, and at what price were the bonds taken?

Answer.

There was work done on the Madison and Indianapolis Railroad, which was to be paid in State bonds, and which was paid in State bonds; but the amount I cannot tell, nor do I know all the names of the contractors. I think the bonds were always delivered at par or at 88 cents on the dollar.

Question No. 9, by Mr. Davis.

Have you at any time urged the commissioners or the persons having supervision of the Madison and Indianapolis Railroad to progress with it as fast as possible, or any thing to that effect? If so, what was your object in so doing?

Answer.

I have—but am not aware that any thing said ought to be called urgent. But I admit without hesitation, that I was anxious that the appropriation of \$400,000 should be carefully and beneficially applied to the road. This was my chief object in becoming a member of the Bond Company.

The foregoing statements, as far as they come within my own knowledge, are true, and as far as they are derived from the information of others, I believe them to be true.

With much respect,

WILLIAM HENDRICKS.

January 12, 1842.

Dr. Coe replied to interrogatories previously propounded as follows, to-wit: (*Marked I.*)

I

Interrogatory to Dr. Coe by Mr. Cooper.

Have you any correspondence in your possession between yourself and Mr. Merrill, relative to the Bank loan, as alluded to in Mr. Merrill's testimony? If so produce copies, with such explanation as is proper.

Answer.

INDIANAPOLIS, June 8th, 1840.

Dr. COE, SIR:

I have for some months past felt much dissatisfied with your conduct last year, in reference to the Morris Canal and Banking Company loan, but have heretofore said nothing about it, except when endeavoring to ascertain how far my suspicions were just. As this matter may at a future day become important to both of us, I have thought it best to address you a note that you may explain or contradict any proceedings that have appeared in an unfavorable light to me. I find it difficult to give as distinct account of the origin of my suspicions, because in fact I entertained none until my visit to New York, in December.

Accounts were presented by you for services rendered the Sinking Fund and these were paid liberally, in the belief that you were not engaged in any profitable business, and that the compensation made you by the State was too small; and I had no other opinion but that you were disinterested, and anxious to promote the interest of the State. When I visited New York in August, I was mortified and disappointed that instead of trying to aid me in securing the money due from the Morris Canal and Banking Company, you appeared to be much more their advocate than that of the State, and I also heard hints from Mr. Perkins and others, that you were about to engage in business in New York; but these matters did not at the time make much impression on me.

In December, however, I learned that you were a director and large stockholder in the Staten Island Whaling Company. I heard a Mr. Holly say that you had embarrassed one of the State loans very much by insisting on bonds being reserved for that company. I was told of a large speculation in the stocks of other States being made by you, and I have also understood that you are the owner of Morris Canal and Banking Company stock.

These matters, together with your long stay in New York, have induced me to believe that I have been to some extent led into difficulties which I would have avoided, had I known what I now suppose to be your true situation in New York.

Your obedient servant,
S. MERRILL.

The original letter contained after "accounts were presented by you for services rendered the Sinking Fund, and these were paid liberally in the belief that you were not engaged in any profitable business and that the compensation was too small," the following paragraph: "And Mr. Lanier also, I have understood, under a similar belief, arranged for making you \$250 on another occasion."

Subsequently I received from Mr. Merrill the following communication :

Dr. COE, SIR:

At Mr. Lanier's request I wish to withdraw all reference in my letter to you, to the matter in which he was alluded to, and if I keep a copy of my letter on our letter book, of the propriety of which I expect to judge hereafter, no mention will be made of that circumstance.

Yours,
S. MERRILL.

June 20, 1840.

I suggested in a return note his substituting a copy of his letter without that paragraph, which he did, which is the one above copied.

Reply.

INDIANAPOLIS, June 15th, 1840.

SIR—Your communication of the 8th, from such a source, you must know would greatly surprise me.

Full of suspicions, insinuations and hearsays, chiefly relating to my private business, and so unexpected from a high minded man, filling the honorable station you occupy; I can account for it only by supposing (which I am unwilling to do) that now when your loan is unpopular, you are desirous of shifting to my shoulders the responsibility of a negotiation, the credit of which when made and popular, you seemed sufficiently desirous to secure to yourself, and despairing of otherwise succeeding, you hope by insinuation to create an excitement against me, under cover of which you may escape.

Were I disposed to meet you with your own weapons, it would not be difficult to find abundant ground in hearsays and reports to throw back your suspicions and insinuations of speculations and other business while in public office.

Your first intimation is, that the Sinking Fund Commissioners paid me liberally, under the impression that I was not engaged in any profitable business, as though my being engaged in other business should prevent my receiving a fair compensation for services rendered, which had no relation to the duties of my office. As to the compensation, I have always thought the obligation was on the other side; as in 1837 I saved to the fund 12 per cent. premium on \$11,000 interest, payable at the Morris Canal and Banking Company, being \$1,320; and in 1838, succeeded in reducing the commission at the

Merchant's Bank for paying interest on the Bank loan, from one to one-half per cent., by which \$237 50 is saved annually to the fund for the 26 years the loan had to run, amounting in all to \$6,175 00; besides paying interest and adjusting interest accounts for four years, pasting coupons, &c, and in 1837 purchasing \$23,000 in specie, for all which services I received in 1837, \$100, and in 1838 \$118 75, (the amount saved on one semi-annual payment of interest, which had been remitted to pay over) making my whole compensation for the four year's services, \$218 75.

The next intimation which seems in order here is, that Mr. Perkins and others informed you that I was about to engage in business in New York, but this did not make much impression on you, till you learned in December last that I was a director and large stockholder in the Staten Island Whaling Company, that I had made a large speculation in stocks of other States, and that I owned stocks to some extent in the Morris Canal and Banking Company.

To all this, as a matter of courtesy merely, (and without inquiring into the truth or falsehood of these reports, and without admitting the right of you, or any other person, to question me on the subject of my private business,) I reply, that I had a perfect right to make arrangements to settle in New York, if thought proper so to do, and I consider my right unquestionable, either while commissioner or afterwards, to buy, sell or hold stock of any other State, or of any Bank, or to assist in directing a Whaling Company, so that I faithfully performed the duties of my office, and used none of the funds of the State for my private business. And I have certainly not knowingly neglected any duty, sacrificed any interest or used a dollar of the funds of the State. Had I done either it could easily be shown, since all the contracts made and business performed, was either in conjunction with, or under the direction and with the approbation of my colleagues, and annually reported to the Legislature; and the funds were so placed and accounts kept that no money could be drawn for a single day, but that the use to which it was applied would appear on the books of the board, and must have been known to my colleagues, and these accounts were annually examined by a committee of the Legislature. These accounts are open to your inspection, and I defy the most rigid examination which you or the Legislature can make into them, or any of my official acts, and I may add, every loan I had any hand in making was deemed good at the time, and was on better terms than those of any other State, in comparison with the relative value of the stock in the European market, and any of them have only become unfortunate by the unexpected disasters of the times and great fall in the price of stocks.

Had I supposed at any time that you would have felt interested in knowing my private transactions, I would, with cheerfulness, long since, informed you, as I had others, that I had on my individual account and individual credit, made some trades by which I made some money and become the owner of some stocks, as I felt I had a perfect right to do, and if it is any satisfaction to you to know the result,

I can say, (but not with pleasure,) that in the disasters of the times, I also lost as well as made, leaving me, I suppose, in these matters, but little better than when I began. If, however, it had resulted more favorably, I will submit, whether in *your* opinion, a man is censurable for success in other business, while at the same time, holding an office of the State, provided he uses in such other business not a dollar of the money or credit of the State.

You further state, that you heard a Mr. Holly say that I had very much embarrassed one of the State loans by insisting on bonds being reserved for the Whaling Company. This I unqualifiedly deny, or that ever I prevented any negotiation which I supposed it the interest of the State to make, with him or any other person.

Whatever negotiation was had while I was a commissioner, with a man of that name, was principally by my colleagues, Messrs. Smith and Farrington, who can say if there is any foundation for such a charge.

All these matters, however, appear to me entirely unconnected with *your* loan of which you say "when I visited New York in August, I was mortified and disappointed, that instead of trying to aid me in securing the money due the State from the Morris Canal and Banking Company, you appeared to be much more their advocate than that of the State." And again. "These matters, together with your long stay in New York, have induced me to believe that I have been led into difficulties which I should have avoided, had I known (what I since suppose to be) your true situation in New York."

Before replying to these insinuations, let me remind you of the circumstances attending your loan. On the application of the sinking fund commissioners, I attempted to ascertain on what terms a loan could be effected for the million and an half, to increase the bank capital, and after some time, succeeded in provisionally arranging terms for a loan, which I believed advantageous for the State, as to which you had the option, in a specified time, of closing or declining it.

Had you closed a contract on these terms, without yourself, visiting the east, you might with more plausibility, have insinuated that I had led you into difficulty, but even then, such an assumption would have been unjust, as you had previously been to New York to examine into the situation of the Morris Canal and Banking Company, and left a large amount of the money of the State Bank in deposit with them, and on account of the transactions of the branches of our State Bank with that institution, had occasion ever after, in examining into their business, to have its situation and conduct under your eye.

But instead of relying on my favorable opinion of the Morris Canal and Banking Company, (entertained, I believe, in common with all our commissioners who had dealt with them,) you went to New York, as you stated at the time, to again make a personal examination into their affairs and satisfy yourself of their trustworthiness, and when there, allowed the time in which this contract might be closed, to elapse, and then made a new contract for a different amount,

and on terms somewhat less favorable to the State, both as to time of payment and interest.

But the fact which shows most conclusively that I could not have led you into the contract you made, is that in an interview with the President of the Morris Canal and Banking Company, you proposed to make the contract for a million, instead of a million and a half, as named in the provisional contract to which he readily assented, on condition the remaining half million should not be put in market for a specified time, to which you agreed, and after returning to your room drew up the form of a contract, binding yourself not to offer this half million, during that time, for sale in New York, but stated to me your intention of selling it to the branches, who could then offer it for sale any where they pleased.

This I considered as a dishonorable course, calculated to injure the fair character of the State, as I understand there is a by-law of the brokers and operators in State stocks to expose any State agent who acts with duplicity and unfairness in his negotiations and invites State agents to expose such conduct in stock purchasers, and thus viewing it, I warmly remonstrated against such a course, on which you desired me not again to accompany you to the Morris Canal and Banking Company, stating that I seemed more favorable to their interest than that of the State.

After, as I thought, this ungenerous remark I took no part and was never again with you in your negotiation. And when in August you visited New York to secure the loan, although you continually invited Messrs. Stapp, Scott and Fitch to accompany you in your numerous interviews with the Morris Canal and Banking Company, that invitation was never extended to me.

Still, I felt exceedingly anxious the State should be secured, and suggested to Mr. Scott every thing I supposed might enable him to aid you, and would cheerfully have rendered you every aid in my power, had you given me the slightest intimation that it would even have been acceptable.

And so far was I from throwing any embarrassment in the way of your obtaining security, I was as anxious as any one could be, that you should obtain it, and strongly urged on the President of that institution, the importance of their giving it, and whatever of effort I could make under the circumstances in which your course had placed me, was made to effect the object of your visit to New York. I then felt somewhat mortified at your treatment, but now feel thankful to an over ruling Providence, which kept me entirely clear of all participation in these negotiations, from the responsibility of which, under a change of circumstances, you seem so willing to escape.

After this retrospect of the circumstances attending the loan, (the accuracy of which it will be my part to establish if necessary) it seems hard to conceive how I could have led you into difficulties. What these difficulties are, you do not specify, but suppose you will alledge only one—that I influenced you in some way to make the contract.

But if the reason you gave for prohibiting my being present at your

negotiations, viz: "that I seemed more favorable to the interest of the Morris Canal and Banking Company than to those of the State," was in fact given in sincerity and truth, it would have been fully sufficient to put any man of common prudence on his guard against being influenced in the least in a matter involving so great personal responsibility. Still was this the case, it might be inquired why *you* made a less favorable contract for the State than the provisional one I had negotiated.

And the facts of the case are strangely inconsistent with the conclusions of your communication, as well as the proper discharge of your duty to the State, viz: that at the time of your negotiation, I appeared to you so much more favorable to the interests of the Morris Canal and Banking Company than to those of the State, that you forbid my being present at the negotiation, and yet claimed to have been guided by me in making the loan. And that when you went to New York, personally to examine for yourself, without trusting to my opinion, still you was led by me in concluding the contract.

The true state of the case in short is, that while in New York, holding no office and with no stipulation for any compensation for the service I was rendering the State, I, without compensation, negotiated for the sinking fund commissioners, to whom I was under no obligation so to do, provisionally subject to your approbation, the loan which they had requested Mr. Farrington and myself to make, but to do which, no opportunity had offered while we were in office, and which loan was considered advantageous to the State. You, in consequence came to New York, and there treated me with marked disrespect—made a different contract on less advantageous terms, and now when from the disasters of the times, it has become unfortunate, are attempting to throw the odium of its negotiation on me, and chiefly by insinuations and suspicions against my character; of the justice and fairness of this course, I leave others to judge.

Believing, however, as I do, when negotiating the loan, you honestly and faithfully made every examination and inquiry in your power, and when afterwards you thought the debt in danger, made every exertion to secure it, and that but for the unexpected depression in stocks, it would have been advantageous to the State and creditable to yourself. I should have thought your proper course would have been, instead of an unjustifiable attempt to throw the responsibility on others, to have reported the facts to the legislature, and in confidence of having faithfully discharged your duty, and without seeking as a *favor* the approbation of those whose only desire would be to ruin you, to have relied on your own integrity, and if for a time injustice should be done you in public opinion, the consciousness of having faithfully discharged your duty would, I should believe, have far outweighed the censures of a world. And whenever it would be best for yourself, you might safely rely with confidence on justice being done to your motives and exertions.

Very respectfully yours,

ISAAC COE.

INDIANAPOLIS, *July 20th*, 1840.

SIR: Yours of the 15th June did not come to hand until the morning of the 6th July. Absence from home and other business has prevented my replying until now. You are mistaken as to my ever claiming any credit on account of the bank loan in April, 1839. The terms being the worst the law allowed, were assented to by me with great reluctance, and therefore I have never, either directly or indirectly, claimed any credit for my part in the concern. It is a mistake that I have, either by insinuations or otherwise, attempted to raise any excitement against you. With those who censure me most, any effort to divide the responsibility with you would not excuse me in the least. I have only spoken of the subject to a few friends, and then only for advice or information. It is also a mistake of yours (I believe) that any suspicions of *speculations while in public office* have been attached to me. It is a mistake that I ever proposed or thought in any way or manner that the branches should take State bonds and dispose of them in violation of the spirit or letter of the contract with the Morris Canal and Banking Company. It is well known to all about the bank that several of the branches in 1838 and the first part of 1839, wished to hold a larger amount of State bonds than they then had. The \$294,000 had not been divided equally, and there was some jealousy on that account. It was then supposed that all the branches might hold as a permanent investment about \$500,000 in addition to the amount on hand. When I commenced explaining this subject to you, which had been often talked of here, you interrupted me, and the language you used seems to be fresh in your recollection. It seems to me that I explained the matter fully at the time, though I recollect distinctly that at first I paused in wonder at what could be the *cause* of your singular remarks. As no other person that I am aware ever suspected me of intending to violate a pledge, the manner in which you now recur to the subject does not tend to diminish my wonder. You are again mistaken as to my "forbidding you being present at the negotiation" in April, or as to my treating you with even the slightest "disrespect." You were almost constantly with me. I consulted you at every step without omitting any other opportunity to obtain information, and I am not mistaken that you could not at that time have taken offence at any word or act of mine. But in August, after the meeting at which you objected to all my propositions to Mr. Biddle, and answered the questions I wished him to reply to, I did say, though without impeaching your motives or intending to give you offence at the time, that *some of the rest of us had better attend afterwards, as you had been too much Mr. Biddle's advocate*. No one present, I presume, thought me unkind in the remark at the time, as the manner was specially guarded. I am not aware of having on any other occasion in New York used language of which you could possibly complain.

Whether the allowance of \$218 75 was large or small by Wall street measurement, for a few hours, or at most a few days' service, I

know not, but they would not have been made by the sinking fund commissioners but for the belief from a statement made at the time that you were engaged in no other business than that of the State, and that the pay of the State was rather small.

The references to your *private concerns* were made solely that you might deny or explain what had been stated about your stock and other speculations. Each matter by itself had little influence on my mind at first, yet when they are not denied or explained, and as you seem to admit your arrangements to settle in New York in the Broker's business, it must of course be supposed that your previous transactions in stocks were not few in number. I do not object to the *right* you claim in this matter, yet if I had known sooner how you were exercising *that right*, your advice and opinions would have had a very different influence with me. I should have viewed with other eyes your arguments and apologies for Mr. Biddle, and I would not have permitted him to come forward at each successive meeting with worse and still worse propositions for settlement. I am not prepared to say how much blame attaches to you, but I am satisfied that the State could and would have been secured, had I known in April and August as much of your transactions as I now understand you to have been concerned in.

Your obedient servant,
DR. COE.

S. MERRILL.

INDIANAPOLIS, AUG. 7th, 1840.

Sir:—Yours of 20th ult., although received within a few days after its date, has remained until now unanswered, because I thought an immediate reply not important. It is indeed with considerable reluctance I now reply, as I feel I ought, to some assertions which I noticed with much sorrow.

That during the negotiation in April, and before the contract was completed, you did request me not to go with you to the Morris Canal and Banking company, is as strongly and distinctly marked in my remembrance, as any past transaction of my life; nor can I, under the circumstances in which it took place, and those which followed, conceive how you could possibly forget it. True, no one but ourselves was present, but there are some attending circumstances which I suppose will convince others that my remembrance is correct.

That after requesting me in April not to attend with you at the Morris Canal and Banking company, I never did go there with you, either in April or August; I am also confident I could not do it after your prohibition. And that the observation which you state you made in August, viz: "That some of the rest of us had better attend afterwards, as you had been too much Mr. Biddle's advocate," I am equally certain was never made in my hearing—as you speak of others being present, you can name them. As to my objecting to your propositions to Mr. Biddle, and answering for him, as I was never present

at your meeting in August, it is of course a *mistake*. With respect to your proposed sale of the \$500,000 to the Branches, I understand you to admit your intention of selling it to them, and that I then considered it in violation of good faith with the Morris Canal and Banking company. Had you so sold it, the Branches could have offered it for sale in New York, and from the applications some of them had made to sell their portion of the \$294,000, I had evidence they would so have offered it, which would have been in violation of your understanding with the Morris Canal and Banking company, although you had so worded the form of the contract you had drawn up, that it would not in words have done it, and it was against this course that I remonstrated.

From the communications of the Branches with the fund commissioners, I should be far from supposing any of them desired to hold more of the \$294,000 stock than they got; if they had so done, they could have been easily supplied from branches who wished to sell.

Your assertion that I seem to admit having made arrangements to settle in New York in the broker's business, is equally a mistake. To your charge that you had heard I was making arrangements to settle in New York, I replied, that without inquiring into the truth of the charge, I had a right to do so if I thought proper—but no intimation of any kind had been made in our previous correspondence, of my entering into the Broker's business; and that you may have no pretext for misunderstanding me, I now say that I never had any intention of settling in New York, and never had a thought of going into the Broker's business, either in New York or any where else.

Your observations about "Wall street measurement," "The broker's business," and "Previous transactions in stocks," are, I presume, intended to accompany the Soap factory slang.

I made no charge against you for speculating, and other things, while holding office, but merely observed, that had I been disposed to follow your example, I might have found abundant grounds in hearsays and reports, to have done so. For the present, I have only to say your denial that there were grounds for the reports, is not very full or distinct.

As to my not manifesting offence at your prohibition, I am not in the habit of noticing every thing intended to be offensive, having lived long enough to learn that there are employments more pleasant and profitable than seeking quarrels, and I was even in doubt whether to reply at all to either of your letters, and was chiefly induced to do it from believing my silence under undeserved abuse, had encouraged you to expect impunity in attempting to make me the scape goat to bear any unpopularity which might attach to you from the loan. In this case, however, as the loan was entrusted entirely to you, I should have appeared in rather a ridiculous light in complaining that you would not permit me, who held no State office, to participate in the negotiations.

Your concluding paragraph fully explains your object to transfer the responsibility of your acts to me, and accounts for the fearful lengths

you have gone in endeavoring to change the time of your prohibiting my attendance with you at the Morris Canal and Banking company, from April to August, an object which, could you secure, would poorly repay its cost.

You now state the debt might have been secured, and that in August, when attempting to secure it, you forbid my aiding you; on whom then, on your own statement, rests the blame of not obtaining security? and when especially the facts are truly stated that you came to New York to complete the contract, because you could not rely on my opinion of the Morris Canal and Banking company; and when there forbid my being with you, because as you said, I was too much their advocate.

This statement, that the debt might have been secured but for me, does not place your faithfulness, as a State officer, in quite as favourable a light as I think it merits.

And I should anticipate that every step you take in this ungenerous undertaking, would be but a deeper plunge in inconsistency at least.

Once for all, however, I desire to say, that in any thing relating to my private affairs, your inquiries or insinuations are equally impertinent; although by so saying, I am far from admitting, that in any respect, they have not been as correctly and as justifiably conducted as those of yourself, or any other person. And, that as to any of my official duties, I have always been, and am ready and willing to abide any investigation which any may choose to institute.

Yours,

ISAAC COE.

P. S. As I expect to be absent from home for a time, all I have to request is, that if you find occasion to say or publish any thing on the subject, you will exhibit my replies with your communications.

COPY OF A LETTER FROM MILTON STAPP.

New York, September 7, 1840.

ISAAC COE, Esq.,

Sir—Your note of the 5th inst. relating to a difference of opinion between Mr. Merrill and yourself, as to the part you took in the negotiation for the million bank loan, made by Mr. Merrill, with the Morris Canal and Banking Company, in April, 1839, is now before me.

In answer to that note, I will remark that, I understood that you had made arrangements with the Morris Canal and Banking Compa-

ny, to take the whole bank loan of \$1,500,000, subject to the confirmation or rejection of the fund commissioners, or other officers, charged with making the loan.

And if I recollect right, to make this arrangement binding on that institution, it was to be done by the 20th of April of that year.

When Mr. Merrill came to this city, in April, 1839, he at once came to the conclusion not to take the whole loan, but wished to modify your arrangement, so as to take a less amount. For this purpose, several meetings were had between Mr. Merrill and Mr. Biddle, president of the bank. I think you and I usually attended with them. While these things were going on, I heard Mr. Merrill say that he had rather you would not attend with him in his negotiations; and afterwards, and before the negotiation was closed, I requested you to accompany Mr. Merrill the next day, and assist him in negotiating the bank loan, as Mr. Biddle had made a new proposition about interest, that required some attention. You answered, that you could not go, as Mr. Merrill objected to your being present with him on such occasions. I do not know of your being present afterwards. Nor do I know any thing about your being with Mr. Merrill in August following, when he was trying to secure the debt. You might or might not have been with him at that time, for ought I know.

Very respectfully,

MILTON STAPP.

COPY OF A LETTER FROM W. C. HOLLY.

New York, September 23, 1840.

DOCT. ISAAC COE,

Dear Sir—You tell me you are informed that I stated to Mr. Merrill, in December last, that Doct. Coe had embarrassed one of the Indiana loans very much, by insisting on bonds being used for the Whaling Company, Staten Island.

I must beg leave to state, that Mr. Merrill must have misunderstood me, as until the fracas between Hait and Levy, last winter, did I know that the Whaling Company had any of the bonds of the State of Indiana. This was the first knowledge I had of the fact, and therefore I must repeat, that I was and am still ignorant of any transactions of yours with the Whaling Company. And I further state, that I do not know of your having embarrassed any loan of the State, by insisting on reserving stock for the Whaling Company, or any other concern.

My negotiations were chiefly with Messrs. Farrington and Smith,

and never with you alone, to my knowledge, except we may have met in Wall-street, and passed the compliments of the day.

My negotiations were to control that State stock, and my offer was to that end, with a knowledge that 100 bonds were engaged to be given to the Staten Island Bank.

I am very respectfully,

Your obedient,

W. C. HOLLY.

The preceding are, I believe, correct copies of the correspondence between Samuel Merrill and myself, and of the letters from General Stapp and Mr. Holly; and I further state, that all things in the correspondence which I state as of my own knowledge, I believe to be strictly true in every particular.

ISAAC COE.

I subjoin copies of the replies of Messrs. Smith and Farrington to the following question, by the Senate's investigating committee :

Question.

Was there any negotiation between any of the fund commissioners of Indiana, and a Mr. Holly, of New York, about the sale of State bonds? If so, by whom of the commissioners was it conducted, and did Dr. Coe in any way embarrass the negotiation?

Answer.

There was, in the summer of 1838, when all the members of the board were in New York, some propositions submitted to the board by a Mr. Holly, for the purchase of Indiana bonds. They principally came under the consideration of Mr. Smith and myself. The propositions not being satisfactory to the board, and the terms required, in the event of a sale to Mr. Holly, not being acceptable to him, no contract was made with him. I am not aware that the negotiation was broken off by the interference of Doct. Coe.

JAMES FARRINGTON.

While the entire board of fund commissioners were in New York, in 1838, Mr. Holly, of that city, applied for the purchase of a large amount of bonds, I think from one to two millions. I understood him to desire the bonds for some gentlemen, connected with himself, who wished to establish a bank under the free banking law of New York, on an extensive scale. The negotiations were principally conducted by Mr. Holly, with Mr. Farrington and myself, and resulted in no sale being effected, principally, as I then thought, from the inability of those who desired the bonds, or their unwillingness to give such security as we required, before we would consent to a delivery of the

bonds. I never saw any thing on the part of Dr. Coe, which had any tendency to embarrass the negotiation; nor do I believe that any thing was done or said by him, that interrupted the negotiation, or prevented it being brought to a successful result. I know of no other negotiation with any man of the name of Holly.

C. B. SMITH.

I subjoin a copy of a letter from L. H. Scott, and as it will not be well understood without the copy of mine to him; I also furnish that, with the observation that at the time of writing it, I supposed he was in New York during the time of Mr. Merrill's negotiation, but after receiving his answer, I became satisfied it was Gen. Stapp, instead of Mr. Scott who was then in New York.

INDIANAPOLIS, January 11, 1840.

L. H. SCOTT, Esq.

Dear Sir:—I have this week received a very extraordinary letter from Mr. Merrill, in which, among other things he writes: "When I arrived in New York in August, I was mortified and disappointed, that instead of trying to aid me in securing the money due from the Morris Canal and Banking Company, you appeared much more their advocate than that of the State."

From the tenor of his letter and other circumstances, I am led to believe he is about endeavoring in some manner to clear himself from the odium and responsibility of the million loan by throwing it upon me.

It has been unpleasant to me, and doubtless to us all, that we were officially thrown into a position, where in times of extreme embarrassment, it became our duty to endeavor to effect large loans on the credit of a new, and comparatively unknown State. That the negotiations generally, from the first loans by Messrs. Linton, McCarty, and Sullivan to those of the last board, were as successful as they were, under the pressure of the money market, compared with those of other new States, has always gratified me; that they were not better has of course to us all been a matter of regret, but I trust I have never manifested a disposition to avoid, or throw upon others any responsibility which might justly be attached to me, and that the bearing of those with whom I have been connected has been of the most honorable character, I have felt as a source of much gratification, and particularly your manly defence of the necessity of my stay in New York, made at a time when I was so much and unjustly abused, and which appears in strong contrast with the course pursued by Mr. Merrill.

Had he, relying on my favorable opinion of the Morris Canal and Banking Company, (held, I believe, in common with all my previous colleagues) closed the optional contract I had obtained for him without going to New York, he might with more color of justice have

thrown the responsibility on me. But after going to New York at the expense of the State, expressly, as he stated, to examine and inquire for himself, letting the time elapse in which that contract might be closed, to make that examination, and then concluding a different contract, I see not why any responsibility on that account should be thrown on me, and especially when he, after satisfying himself respecting the solvency of the Morris Canal and Banking Company, (as I then supposed, to make the necessity of his visit to New York apparent, and attach all the credit of the loan to himself,) rejected entirely my aid, and even prohibited my being present when the contract was concluded, and pursuing the same course when he came to secure the loan, never asking that aid from me which he was continually soliciting from yourself and others, and which his previous intimations prevented my volunteering directly. After this course I say, it much surprises me that Mr. Merrill can reconcile it to his own sense of justice, to attempt to throw on me the responsibility of an unfortunate loan, or blame me, as he does for not aiding him to secure it, and it does seem to me he can only be emboldened to expect success from my present unpopularity, and the silence with which I have borne other unjust aspersions. For conscious of the faithfulness with which, to the best of my ability, I have served the State, I have felt disposed to leave the event with that over ruling Providence which orders all events for the best.

It may or may not be my duty to reply to these reflections of his, but I trust you will not hesitate to give me such evidence of what you think truth and justice demand to be said in the matter, as may enable me, if necessary, to exhibit things as they really were. I know no reason why my reputation, although never a seeker of popularity, should not be as much entitled to the protection of truth as any other, and no other protection would I desire.

My object in this, is to obtain a statement from you of the circumstances attending the business, with the progress of which you were intimately acquainted, and which I may be permitted to use in my defence in any way which may be necessary.

And to draw your attention to those points which seem to me of most importance, I have taken the liberty to put them in the form of questions, and you will therefore do me a favor by stating whether you were not intimately acquainted both with Mr. Merrill's making the loan and his attempt in August to secure it? Whether Mr. Merrill, instead of relying on my opinion of the solvency of the Morris Canal and Banking Company, did not himself carefully examine into the situation of the institution and extensively inquire of others on the subject? Whether you did not understand at the time he requested me not to be present when the negotiation for the loan was going on? Whether, when attempting in August to secure the debt, he was not so careful not to accept my aid, as never, to your knowledge, in his numerous interviews with the Morris Canal and Banking Company, to invite me to be present, although Gen. Stapp, Mr. Fitch and your-

self, we all boarding together, were usually asked, and part or all accompanied him?

Whether after being invited not to be present, I could with propriety have intruded myself into the party without his invitation, or otherwise proposed directly to aid without some intimation that such aid would be acceptable?

Do you know or believe I did any thing to interfere in any manner with his exertions to obtain the best security possible? Did you notice in me any improper advocacy of the bank or any thing of that nature, calculated in any manner to injure the interests of the State or embarrass Mr. Merrill in obtaining security?

Whether, notwithstanding Mr. Merrill's course to me, which prevented my intruding myself on him, I did not manifest every anxiety both before and after Mr. Merrill's arrival that the debt should be secured?

Whether I did not frequently make suggestions to you to aid Mr. Merrill? Whether you have not reason to believe that I strongly urged on the Morris Canal and Banking Company, the importance to their own interest and credit of securing that debt to the State? Whether my being in New York was any injury or embarrassment to Mr. Merrill in making or securing the loan.

As Mr. Merrill has made it a charge against me that he has heard, that I attended to business for myself in New York, I would enquire whether you considered my engagement with the commissioners after the expiration of the office or even before, such as precluded my attending to any private business, when it did not interfere with the business of the State? And whether I did not faithfully attend to the business of the State, without letting any private business interfere with it to your knowledge?

Whether I ever to your knowledge or belief, used any of the funds of the State for my private use, and whether had I so done either when a commissioner or afterwards, it must not have been known to the board, at least on every semi-annual rendering of the accounts when the funds were due, or on deposit?

I regret to put you to this trouble, but knowing you will not deny what the humblest is always entitled to, I must request of you a reply as early as practicable.

With much esteem, yours truly,
ISAAC COE.

Reply.

TERRE HAUTE, JUNE 15th, 1840.

DEAR SIR—Your favor of the 12th inst. was taken from the post office on yesterday, and agreeably to your request hasten to reply to it. It has ever been most painful to me to be called upon when mutual friends are involved in any difficulty or misunderstanding, and nothing but a sense of duty could lead me to give any opinion when

that opinion could be either misunderstood or cause the slightest displeasure on the part of any friend, for whom I entertain the esteem and sincere respect I have ever felt for both yourself and Mr. Merrill.

In order to render my reply more concise and easy to be understood I have numbered your interrogatories in the order they stand, from 1 to 13 inclusive, and will proceed briefly to reply to them.

Nos. 1. 2 and 3, relate to the circumstances of making the loan, which I could know nothing of except from others, as the loan was concluded before my arrival in New York, and you may recollect, Mr. Merrill left for Vermont with his daughter, the day I arrived, and as I was at Newark with Gen. Stapp on his return, he left with you a note for me, but I did not see him afterwards until his return in August.

No 4. In reply to this question I would remark that I do not recollect Mr. Merrill's having invited you to attend the interviews had with the officers of the Morris canal and Banking Co., nor did I hear him object to your being thus present. The subject was frequently and earnestly discussed in our rooms at Bunker's whether you were generally present, I do not recollect, but sometimes I think you were.

No. 5. If you was "invited not to be present," I do not see that you could with propriety intrude either yourself, or advice upon him.

No. 6. I do not "know or believe that you did anything to interfere in any manner with his exertions to obtain the best security possible."

No. 7. I did not notice anything in you that I thought an improper advocacy of the Morris canal and Banking Co. There was at one time some difference of opinion between Mr. Merrill, Mr. Fitch and myself, in regard to the policy of taking strong measures- Mr. Fitch and myself thinking a conciliatory course under the circumstances, most advisable, in which opinion I think you concurred. I am not now prepared to say that the course indicated by Mr. Merrill, might not have been the best, but am satisfied we all had but one wish in relation to it, which was to secure the debt if possible.

No. 8. I do believe you was truly anxious that all the debts of the State against that institution *and all others* should be secured.

No. 9. You did frequently make suggestions to me having in view that object.

No. 10. I have reason to believe that you urged upon Mr. Biddle the President, and perhaps some of the directors the importance to the Institution as well as the State, of securing our demands.

No. 11. I do not know of any impropriety in your attending to any matters of private business while acting as the Secretary of our Board.

No. 12. And am not conscious that the business of the State ever suffered from that cause.

No. 13. I do not know or believe that you ever used the funds of the State for private purposes, and think if it had been so to any ex-

tent, it must have been found out at the semi-annual rendering of the accounts of the board.

Very truly yours,
L. H. SCOTT.

DOCT. ISAAC COE, *Indianapolis.*

Question No. 1. to Dr. Coe, by Mr. Davis.

Have you within the year 1841, or any previous year since the time you were appointed fund commissioner, received a large amount of land pattents, if so, how many, when was the land purchased, and how many acres? Please state fully?

Reply.

I received in Dec. 1841 by Mr. Grover a member of the legislature, 29 land patents covering 2841. 43 acres. Part of this was entered by me from June to 30th Dec. 1835; part I purchased at the land sales in Laporte in Sept. and Oct. 1835, and the balance at second hand, either during these sales or within a day or two after their close, all before I became a fund commissioner.

These are all the land patents I ever received from the general government, and cover all the land I have ever purchased from the United States, but in the above another person was interested to the amount of \$1,050, although all purchased by me and standing in my name.

ISAAC COE.

Mr. JOHN KING replied to interrogatories previously propounded, as follows, to-wit: (*Marked J.*)

J

Interrogatory No. 4, by Mr. Davis.

Do you know the object of General Stapp in making his deposits as fund commissioner with the Madison Insurance Company? Was there any misunderstanding amongst the company or any member of it, as to the purpose which said funds or any part thereof were to be applied? State all you know about it.

Answer.

I am not a director in that institution, and know nothing about General Stapp's deposits there or his object in making them. I had authority from General Stapp to check for moneys in that institution,

and I did check at one time I think for 2,000 dollars, and at another for 1,540 dollars, for payments on the railroad, and which were paid I believe in common current funds. I know of no misunderstanding amongst the directors or any one of them in relation to Gen. Stapp's deposits or any part of them.

Interrogatory No. 5, by Mr. Davis.

Give a full and correct history of the sale of all the bonds sold for the Madison Company, by whom sold, to whom sold, at what time sold, and all the particulars relating thereto.

Answer.

In my answer to interrogatory No. 1, I give an account of the sale of 180 bonds, and in my answer to interrogatory No. 2, I speak of 136 applied in payments on the railroad, 41 of these were so used whilst General Stapp was fund commissioner, and 95 since the 1st of March, whilst Gov. Noble was fund commissioner, all of which I believe have been reported to the legislature. For the 136, our company have paid the fund commissioner eighty-eight cents to the dollar in estimates on the road.

Interrogatory No. 6, by Mr. Davis.

Have you bought of a contractor or contractors on the railroad, a bond or bonds at a less price than seven hundred and fifty dollars per bond, within a year past? If so, state how many, at what price or prices, and to what purpose or purposes said bond or bonds have been applied.

Answer.

Answered under interrogatory No. 2.

Interrogatory No. 7, by Mr. Davis.

What amount of money has the company (I mean the bond company) made on the single operation of buying State bonds or estimates from contractors, and to what purpose or purposes were said bonds applied?

Answer.

I have given in my answer to interrogatory No. 2 an account of all the bonds our company have bought and what was done with them. In relation to estimates, we have bought none that I recollect until since the failure of the present fund commissioner to furnish bonds for the payments of the last estimates, about the last of October.

Sometimes in the payments of estimates, change could not be made in bonds, as they were for 1,000 dollars each. I then gave a note for the fractional part of a bond, as for instance a contractor was to be paid say \$1,200 in bonds; I gave a State bond, and gave him a note for \$200 in bonds, which notes were generally taken in in a subsequent estimate, unless the contractors could join several together to the amount of a bond, I then gave them a State bond. But when the fund commissioner failed to furnish bonds for the payment of the last estimates, these notes for fractions of bonds to the amount of a few hundred dollars were taken in from the contractors at their urgent request, at what they were worth in cash, this being the only thing we could do, as we had no bonds to redeem them with.

Since the failure of the fund commissioner, referred to above, we have taken up some estimates at what they were worth in cash, sufficient to settle our account with the fund commissioner. What amount of estimates we have thus taken up, I cannot now accurately state, but it is not large, the greater part of these estimates being yet in the hands of contractors. How much profit we have made in so doing I cannot now state accurately, but this I will say, that all we have made in any way connected with our company's operations on the road, falls far short of meeting our liabilities and losses growing out of these operations.

Interrogatory No. 8.

Have you any reason to believe that Milton Stapp, as fund commissioner of the State, favored you in his transactions or settlement with you, in consequence of his promise to bear a proportion of the loss of your company? Did you think him honest towards you, or otherwise?

Answer.

In our settlement with General Stapp, I thought him very scrupulous for the interest of the State, and considered he was very hard on us—so much so, that myself and I believe others of the company felt very much hurt at him. I could not see anything like dishonesty, as I thought.

JOHN KING.

Mr. W. HENDRICKS, Jr., replied to interrogatories previously propounded, as follows, to-wit: (*Marked K.*)

K

INTERROGATORIES BY MR. DAVIS.

Question 1.

WILLIAM HENDRICKS, JR., are you, or have you been secretary in any office in Madison? Of what company are you secretary? and how long have you been secretary?

Answer.

I am and have been secretary of the Madison Savings Institution, three to four years.

Question No. 2.

Which of the present or late fund commissioners, or board of internal improvement are, or have been stockholders of the company aforesaid? State all you know on that subject.

Answer.

Milton Stapp is a stockholder in said institution. No other fund commissioner, or member of the board of internal improvement is now, or ever has been. Stapp owns 200 shares, five dollars per share paid in.

Question No. 3.

What funds have been deposited with your institution, at any time, for the use and construction of the Madison road? Who deposited by? and when? and to whom disbursed?

Answer.

I do not know that any funds were ever deposited in the Savings Institution for that purpose. There was a package of State bonds left in the vault for safe keeping, by Mr. Stapp, which were afterwards delivered to Mr. John King. How many, and for what purpose, I know not. Mr. Stapp has made deposits in that office, both as fund commissioner, and individually. The fund commissioner account is here referred to and made part of this answer, and marked A. His individual account is also here exhibited, (marked B) and shows a balance in his favor, of \$6,324 51. He has also made a loan of \$3,560 to the office of fifty dollar treasury notes, to be returned

him at a specified time in good funds. I know that checks of his were paid to John King, of amounts that I understood were to be paid out on the railroad to contractors; at one time 3,400 dollars, at another 490 dollars, at another time 100 dollars, and at another 110 dollars. These amounts were paid in current funds, such as were deposited, or funds equally good. I frequently collected or received moneys due Mr. Stapp, individually, and passed them to his credit on the books; such as dividends on his bank stock, and money due him on notes, &c. His deposits made by himself, were made in Gallipolis money, and Circleville treasury notes, and currency of different kinds. How much in each kind, I cannot ascertain. The kind is in but few cases noted on the books, except to say "currency," when made in currency. I cannot tell from whom he received money so deposited. But he has informed me that portions of his (individual) account, were of funds that came to his hands as fund commissioner.

A

Milton Stapp, Fund Commissioner,

In account with Madison Savings Institution—

Dr.

1841.

January 29, Check to Insurance Company,	\$5,000 00	
January 29, Check to Hillis, - - -	300 00	
February 20, Check to Self, - - -	4,320 00	
June 2, Check to W. Hendricks, Sr., - - -	380 00	
June 2, Check to Self, - - -	500 00	
	<hr/>	\$10,500 00

Credit—

1841.

January 29, Deposit Circleville money,	\$10,500 00	
	<hr/>	\$10,500 00

B

MILTON STAPP in account with the Madison Savings Institution—
Dr.

May 6, 1840.	Check Self	-	-	\$1,000 00
May 6,	Check Self	-	-	500 00
May 6,	Cushing	-	-	111 50
May 6,	Self	-	-	248 51
May 6,	Sigler	-	-	160 00
May 18,	Hunter	-	-	1,660 00
May 18,	H. Stapp	-	-	25 00
May 18,	same	-	-	3 00
May 26,	Doan	-	-	687 00
May 30,	Beck	-	-	10,000 00
June 10,	Lanier	-	-	4,500 00
June 17,	do.	-	-	1,500 00
June 17,	Edwin	-	-	500 00
July 11,	Branham	-	-	512 00
October 23,	Self	-	-	6,500 00
October 30,	Self	-	-	214 00
October 30,	Self	-	-	154 00
October 30,	Self	-	-	108 00
November 4,	Givens	-	-	1,750 00
November 9,	Hoagland	-	-	133 00
November 9,	Lanier	-	-	6,000 00
November 24,	do.	-	-	697 50
November 24,	Self	-	-	1,676 67
November 28,	Stapp	-	-	20 00
November 28,	Vail	-	-	100 00
December 1,	Self	-	-	1 00
May 6,	Cohon	-	-	2,882 50
December 26,	Self	-	-	25 75
April 14, 1841.	Self	-	-	985 00
April 14,	Self	-	-	2,350 00
April 28,	Norwood	-	-	8 75
April 29,	Ray	-	-	329 60
June 5,	Vawter	-	-	240 00
June 5,	Vawter	-	-	2,500 00
June 12,	Self	-	-	928 54
June 12,	Self	-	-	1,600 00
June 12,	Self	-	-	119 00
June 12,	Lanier	-	-	25 00
June 12,	H. S.	-	-	23 00
June 16,	King	-	-	3,400 00
August 13,	do.	-	-	110 00
August 13,	do.	-	-	490 00
December 2,	do.	-	-	100 00
December 8,	Beck	-	-	400 00
December 8,	Howard	-	-	50 00
	Balance,	-	-	6,324 51
				<u>\$61,652 83</u>

MILTON STAPP in account with the Madison Savings Institution—
Credit,

1840.			
May 4,	Cash	-	\$ 1,660 00
May 6,	Cash	-	10 00
May 27,	Cash	-	241 25
May 30,	Cash	-	20,000 00
June 1,	Cash	-	100 00
June 25,	Cash	-	10,000 00
June 25,	Cash	-	28 93
September 7,	Cash	-	5,000 00
September 18,	Cash	-	477 50
November 16,	Cash	-	230 00
November 23,	Cash	-	1,500 00
November 23,	Cash	-	161 00
November 24,	Cash	-	2,390 00
November 24,	Cash	-	87 40
December 12,	Cash	-	6,000 00
1841.			
January 28,	Cash	-	110 00
January 28,	Cash	-	465 00
January 29,	Cash	-	300 00
January 30,	Cash	-	600 00
February 2,	Cash	-	380 00
February 3,	Cash	-	200 00
February 5,	Cash	-	450 00
February 19,	Cash	-	80 00
February 19,	Cash	-	90 00
February 5,	Cash	-	105 00
February 22,	Cash	-	41 00
February 22,	Cash	-	3,485 00
February 20,	Cash	-	792 00
February 20,	Cash	-	335 00
February 22,	Cash	-	185 00
March 14,	Cash	-	2,500 00
April 7,	Cash	-	5 00
June 2,	Cash	-	500 00
June 30,	Cash	-	1,000 00
June 30,	Cash	-	374 00
August 28,	Cash	-	600 00
September 21,	Cash	-	20 00
September 23,	Cash	-	6 00
October 14,	Cash	-	543 75
			<u>\$61,652 83</u>
		Balance	\$6,324 51

Question No. 4.

How much Gallipolis money has ever been deposited by Milton Stapp, fund commissioner, in the Madison Savings Institution?

Answer.

I cannot tell, for the reason above given.

Question No. 5.

Did he ever leave with you, or sell to you, any Gallipolis money, of which you made no entry or memorandum in your books? If so, state the circumstances.

Answer.

I have no recollection of his ever doing so. I believe he did not. He has left money and packages over night, or for a few days, for safe keeping, in the vault of the office, not entered on the books.

Question No. 6.

Through whose instrumentality was your agency of Sherwood brought about? Did or did not Milton Stapp advise you to accept the agency? State whether you know or think he was interested, directly or indirectly in so doing.

Answer.

I believe Mr. Stapp had instrumentality in procuring me the agency of Sherwood. He (Sherwood) came to me with a letter of introduction from Mr. Stapp, and after disclosing his business, inquired who would make a good agent or agents. I proposed to go with him to persons that I thought would be efficient in his business. He declined doing so, and made me his agent, with request to get others myself, to help. This I did. I both know and believe that Mr. Stapp was instrumental in procuring me that agency. I am his son-in-law, and I believe he was only interested on that account. I do not believe he was in any way interested in the purchase of treasury notes with Gallipolis money. I never heard him say so, nor Sherwood either. He was interested in my welfare, and not otherwise, as I believe.

Question No. 7.

Were you Milton Stapp's agent in the Gallipolis transaction? State the whole circumstances connected therewith.

Answer.

I was not Milton Stapp's agent in any Gallipolis transaction. Do not know of any transactions of his in Gallipolis money; and do not believe he had any agent. I understood it that I was acting for no one in Gallipolis transactions but Sherwood. I never understood, from any source, that Mr. Stapp was interested in any way in the profits of the transactions which I made for Sherwood. He (Sherwood) came to me in person, at Madison, with the letter of introduction aforesaid, employed me as his agent to invest Gallipolis money in 50 dollar treasury notes. I undertook, and with the assistance of agents, which I made, bought \$37,250 of treasury notes with Gallipolis money. Then the Gallipolis Bank broke, and stopped the business, which was in February last. I then made out a statement of the whole transaction, (an account current with Sherwood,) and sent it with Mr. Stapp, to settle with him at New York. I also delivered the treasury notes and Gallipolis money, on hand, to Mr. Stapp; which he brought home with him after settlement with Sherwood, as he informed me. I know that he had treasury notes, &c. in a trunk in the vault of the Savings office, which I believe were the same. I cannot tell what he has since done with them. I believe the sum loaned to the Savings office was part of them; which is 4,000 dollars at 11 per cent. discount; making \$3,560 as above.

Question No. 8.

Do we understand you correctly, in saying that the treasury notes you purchased with the Gallipolis paper, were purchased for Sherwood? If so, then state, if you know, by what means Gen. Stapp became possessed of any portion of them; and what amount of the notes, so purchased, went into the hands of Gen. Stapp.

Answer.

The treasury notes purchased with Gallipolis money, were purchased for Sherwood. He informed me himself, at the time of my engagement, that he either then owed or would owe the State of Indiana. These treasury notes were to pay that debt, as I understood. Gen. Stapp received the whole amount so purchased; but paid me 1,000 dollars after his settlement with Sherwood. And as fund commissioner, or by arrangement with Sherwood, he retained the balance, as I suppose.

Question No. 9.

State what recommendations Gen. Stapp gave you, if any, of the soundness of the Gallipolis paper, put in your hands to buy treasury notes.

Answer.

He gave favorable recommendations of its soundness ; saying, that from the character of those concerned in the bank, he was of opinion it was solvent.

Question No. 10.

State whether the Gallipolis Bank blew up whilst you were engaged in buying up treasury notes with its paper.

Answer.

It did.

Question No. 11.

State whether paper of banks have been brought to Madison of the following, to-wit : Wilmington, Md., Newburyport, Washington County Bank, Frankfort Bank, Circleville, O., West Union, Manhattan, O., and Gallipolis ; and state what other kind of paper may have been brought there, and in which the Madison company or General Stapp had any thing to do, and how it came there.

Answer

Of Circleville, West Union, Manhattan, and Gallipolis, I can speak, I have seen amounts of each in the possession of General Stapp. I could not say how much, or how he obtained them, or how he disposed of them. I do not know that the Madison company had any. This kind of money has had a circulation there. I have no means of ascertaining amounts. I cannot speak of any other paper.

Question No. 12.

Were you ever at Gallipolis ? If yes, when ?

Answer.

I was there two or three weeks before the known failure of the bank ?

Question No. 13.

When there, did you learn the character of the directors ? If you did, what was it for wealth, intelligence, and standing, in that part of the country ?

Answer.

I heard much said about the directors of the bank, and the bank itself, when there. I was there almost three days, waiting for a boat most of that time; and brokers and others were making calls upon the bank, as well as myself. So that there was a continued talk about it in my hearing. Every citizen had entire confidence in its solvency, as far as I heard them express themselves. The stock of the bank had then principally got into the hands of citizens, and both stockholders and directors were reputed to be respectable, and some of them quite wealthy. The Menazeries were stockholders. One of them was a director. They were said to be very wealthy. One of them, the director said to me himself, that the bank was as good and solvent as any bank in Ohio, and would be sustained, if it even required all his means to do so.

W. HENDRICKS, JR.

State of Indiana, }
Marion county. }

I, JOSHUA SOULE, JR. Notary Public within and for the county and State aforesaid, do hereby certify, that on this day personally appeared before me, William Hendricks, Jr., who being duly sworn, says, that the answers to the above interrogatories are true to the best of his knowledge and belief. Given under my hand and seal, this 12th day of January, 1842.

JOSHUA SOULE, JR.

Notary Public.

(Copy.)

Mr. T. A. Morris was sworn and replied to interrogatories propounded as follows, to-wit:

At the request of Gov. Noble.

Interrogatory No. 1, by Mr. Defrees.

Please state what you know of the settlement made with J. H. Hendricks contractor on Railroad in July 1840, whether you were the officer with whom the settlement was made? In that settlement did you deviate from rule or law observed in the settlements made by you with contractors on the Railroad or elsewhere. In all settlements made on the works by you, have the contractors distributed the amounts due them at pleasure, to whom they pleased under the law.

Reply.

I made a settlement with J. H. Hendricks about the time mentioned. In that settlement I did not deviate from the rules by which I was governed in other similar settlements. It was the practice in all such settlements made by me, to issue drafts first for all due bills filed against the contractors for labor, &c., then for all notes of hand, or accounts or claims filed, which the contractors were as willing to pay, also, to issue drafts on the application of the contractor to pay claims against him, which had not been filed, and which he desired to pay in this manner.

Interrogatory No. 2, by Mr. Defrees.

Did Mr. Hendricks at the time give his own list of names to fill in the drafts, and did you use any others than those he directed you to use? Did he speak of the names thus given as persons to whom he owed money, and did he sign receipts for the amount divided among them, stating it as money paid or due creditors or claimants?

Reply.

Mr. Hendricks gave me the names I think on a small piece of paper which I think, also contained the amount to be paid to each name. If the amount was not on the paper handed me, he stated to me how much to issue drafts for, to the names given, and no other names or amounts were issued than those directed by himself. Mr. Hendricks did speak of owing large amounts on account of his work, and as I understood at the time gave me the amounts for the drafts not as the precise amounts due each individual, but as a probable sum due for claims. Mr. Hendricks signed receipts which stated they were for drafts given on account of claims.

Interrogatory No. 3, by Mr. Defrees.

Do you know any or all of the persons named, and if so, do they reside in Madison? Did I take any direction in the settlement you made, or have you any reason to believe I saw the names used in filling the drafts until after they were filled up by you as directed, and presented for my signature? After you had closed the settlement and I had seen the amount falling due, and the amount set a part for creditors, do you know whether I expressed surprise at the amount said to be due creditors, and did he try to remove my doubts?

Reply.

I think all of the persons in whose names drafts were issued, were

then engaged in business in Madison. Gov. Noble took no direction of the settlement whatever, nor do I believe that he ever saw the names used in filling the drafts, until the drafts were presented to him for his signature. I do recollect of his making some observation to Mr. Hendricks about the amount of claims being so large, at which I think Mr. Hendricks enumerated various sources of expenses for the work and among others I think mentioned the powder bill.

Interrogatory No. 4. by Mr. Defrees.

Are you, and have you been familiar with the signature of J. H. Hendricks, and if so, was this letter marked A., notifying me of his wish to settle mailed at madison, written by him?

Reply.

I have seen J. H. Hendricks' signature frequently, and have no doubt that the letter marked A., (which was handed me with this question by the committee in the Senate) signed A. Hendricks & Son, was written by him.

Respectfully,

T. A. MORRIS.

MR. JOHN WOODBURN filed his answers to interrogatories propounded as follows, to-wit: (*marked L.*)

L

Interrogatories of the Senate committee, adopted by Mr. Davis of the committee of the House.

Interrogatory No. 1.

How long were you a member of the board of Internal improvements? How long were you acting commissioner on the Madison and Indianapolis Railroad? When did your office commence and when did it terminate?

Answer.

I was appointed a member of the Board of Internal Improvements in the winter of 1835-6; was sworn into office on 7th March, 1836, and continued a member of said board until 4th March, 1839. During that time I was acting commissioner on the Madison and Indianapolis Railroad.

Interrogatory No. 2.

Who was the principal engineer, first employed on that road? Who advised the present location of the Madison and Indianapolis Railroad, from the top of the Madison hill to its termination near the Ohio river? Was there or was there not a disagreement in opinion between yourself and one or more of the engineers on the subject of the location.

Answer.

Mr. Schenck was first employed as principal engineer on said road, and with most all the engineers connected with the road, advised the present location. There was no disagreement in opinion between myself and the engineers on the subject of the location.

Interrogatory No. 3.

Did or did not the acting engineer express an opinion favorable to another route near Crooked creek, as greatly less expensive than the present one.

Answer.

He did not. Mr. Harney, professor of mathematics in Hanover college, surveyed the Crooked creek route, and reported it unsuitable and far more expensive than the present location. Mr. Harney was paid for his services by individuals friendly to that route, and not by the State.

Interrogatory No. 4.

Was the road below the Madison hill ever deflected or changed from its original location? If so, what change was made, and what were the reasons for the change?

Answer.

The road on the bottom near the foot of the hill was changed. While I was at Indianapolis in the winter of 1836-7, the engineers, probably not knowing that I had a full and complete release from the owners of the land, and believing that an abrupt curve would be productive of less damage to the property holders, than a gradual one, directed the contractor on the second section to make embankment. On my return I directed the gradual curve to be made, believing it would be better for the State. My belief remains unchanged.

Interrogatory No. 5.

Did you or did any member of the board of internal improvements, or any subordinate officer, either directly or indirectly through the agency of another, ever speculate in lands or town lots, lying on or adjacent to said Railroad, or any other public work of the State, during your or their continuance in office? If so, state the particulars.

Answer.

In the winter of 1837-8, I purchased lands on and near the Wabash and Erie Canal, (and in the counties of Wabash, Huntington and Allen) at which time the canal was nearly completed through those counties. Some time after the location of the Railroad was made public, I purchased a lot adjoining my residence in the town of Madison, 21 feet front and 68 feet deep, all of which I now hold. I believe Mr. Beckwith purchased land on and near the Railroad, but how much I cannot say. I do not know that any member of the Board of internal improvements or any subordinate officer, either directly or indirectly speculated in lands or town lots on or adjacent to the public works, during their continuance in office, except as above stated.

Interrogatory No. 6.

Did you or any member of the board, exceed in your lettings in amount of money the limit prescribed for your operations by the whole board? If so, state who, and what was the amount of the excess of each individual?

Answer.

I did exceed in my lettings the amount appropriated, but how much I cannot say, as part of the work was done after my term of service expired. My drafts upon the fund commissioners were less by about \$20,000 than the amount appropriated. This over letting would not have taken place, had not the expenditures exceeded the estimated cost. It was subsequently sanctioned by the legislature in an additional appropriation of \$400,000 to the road. I am informed that Messrs. Morrison, Long and Maxwell also exceeded their limit, but to what extent I cannot say.

Question No. 7.

What connection have you with the Madison Savings Company, or Insurance Company, or other corporation of that description in Madison? If an officer, stockholder or director thereof, state.

Answer.

I have not now, nor have I ever had, any connection with the Madison Savings Institution. I am a stockholder in, and president of, the Madison Insurance Company. I have no connection with any other corporation in Madison.

Question No. 8.

When was E. M. Beckwith appointed engineer on said road, and how long did he act as such?

Answer.

Mr. Beckwith was employed as assistant engineer in April, 1836, and appointed resident engineer in September following, and acted as such until 4th of March, 1839, when, as before stated, my term of service expired. How long he acted afterwards, I am unable to say.

Question No. 9.

Who employed or appointed him as such engineer, and who was acting commissioner on the railroad during the time of his continuance in office?

Answer.

Mr. Schenck employed him as assistant, and Mr. Pettit appointed him resident engineer. I was acting commissioner on the road as before stated. My successor was Noah Noble.

Question No. 10.

What frauds were perpetrated on the State by said Beckwith during his continuance in office?

Answer.

I have no knowledge that any frauds were perpetrated by Beckwith; but have been informed, and have good reason to believe that such was the case, to an amount exceeding \$20,000.

Question No. 11.

Was it or was it not your custom while acting as commissioner on said road to compare the original estimate of a contract with the final estimate, before the payment of allowances to contractors?

Answer.

Such was not my custom, nor I do recollect that I did so in any instance. I had no doubt of the correctness of the final estimates.—They were prepared by the engineers at their office, and as I supposed carefully compared before they were presented to me.

Question No. 12.

Did you use any individual agency in having the Madison and Indianapolis Railroad, located at the hill at Madison, with a view to enhance the value of your own property?

Answer.

I did not. Had such been my object, my interest would have been greatly promoted by adopting the Crooked creek route.

Question No. 13.

State whether you ever purchased any railroad iron for said road without a previous order of the board of internal improvement? If yea, state the amount of the purchase, and whether you took the most economical mode for the supply and forwarding the said railroad iron, and the storage and deposit of the same, and whether you refused to let any other person render any of said services at a less compensation than you expended therefor.

Answer.

I made no purchase of any railroad iron at any time without the authority of the board.

In the fall of 1837 I employed Messrs. Brown & Brothers of the city of New York to purchase through their house in Liverpool two thousand gross tons of railroad iron, with instructions to consign to Messrs. Hyde & Comstock of New Orleans, by them to be forwarded to Culver Woodburn at Madison. By previous arrangement the following compensation was paid: To Brown & Brothers of New York, two and a half per cent. commission. To Hyde & Comstock of New Orleans, for receiving, forwarding, and endorsing duty bonds, (two responsible names in addition to the consignees being required) seventy five cents per ton.

I am satisfied that the most economical plan was adopted in the transaction.

Gov. Duncan, of Illinois, was in New York about the same time for the purchase of Railroad iron for that State. I was informed by the merchant who transacted the business, that Gov. Duncan paid 5 per cent. commission in New York; and by good authority, in New Orleans, that he paid $2\frac{1}{2}$ per cent. for endorsing bonds, and \$1 per net ton for receiving and forwarding the iron, making a difference in favor

of Indiana, for the same services, of more than 5 per cent. The rates paid by Gov. Duncan were at that time the tariff rates, as established by the Chamber of Commerce.

By reference to the report of Messrs. Williams, Ferrer, and Welch, Engineers, made to the Legislature Dec. 27, 1837, it will be seen that Railroad iron is estimated at \$90 per ton, whereas the iron purchased for the Madison and Indianapolis Railroad, did not exceed \$80; making a difference in favor of the State of \$20,000 between the actual and estimated cost.

At Madison, I made no specific contract, believing that my brother's charges would be reasonable. Previous to any settlement with him, I procured the certificates of eight or ten of the most respectable merchants of Madison as to the value of the services rendered, and subsequently paid him the lowest sum mentioned, 75 cents per ton for advancing freight, receiving and delivering the iron, and not at the average rate.

I do not recollect that any offers were made to perform the services at a less rate than that paid my brother; if any, it was after the iron was received, or began to arrive.

Question No. 14.

Did you or any other person have any secret understanding with Mr. Beckwith about the location at the Madison hill? If yea, state what that understanding was.

Answer.

I had no secret understanding with Mr. Beckwith, or any other person in the location of said road, calculated to injure the interest of the State.

Question No. 15.

Did you give said Beckwith any compensation for said location which you have never reported? If yea, state what that compensation was.

Answer.

I did not.

Question No. 16.

Did you ever have any understanding with any citizen or citizens of Madison, that you would use your influence to have said road located as aforesaid with a view to enhance the value of the property of any one or all of them? If yea, state with whom that understanding was had.

Answer.

I had no such understanding, nor did I ever exert any such influence.

Question No. 17.

State if you know of any corruption in office on the part of any of your colleagues or others in relation to any of the public works, or with the funds of the State? If your answer be affirmative, state all the particulars connected with such corruption.

Answer.

I know of no corruption in office on the part of my colleagues or others, in relation to the public works, except as above named in relation to Beckwith. Mr. Burr was discovered to be a defaulter, and the fact was promptly reported to the Legislature. I am informed that Mr. Beckwith, Resident Engineer on the Madison and Indianapolis Railroad, obtained money from the State by corrupt and fraudulent practices, and I believe such to have been the case from the facts of his arrest, the judgment obtained against him in the Jefferson Circuit Court, and the statements of the Engineers.

Questions Nos. 18 and 19, are answered in the response to No. 17.

Question No. 20.

Are you a member of the Madison company which purchased the bonds of the State for the prosecution of the Madison and Indianapolis Railroad, under the appropriation of \$400,000, and are you acquainted with any of Milton Stapp's negotiations or settlements with said company, growing out of said purchase? and generally state all the particulars in relation thereto, and if the State sustained loss thereby, and to what amount?

Answer.

I am a member of the Madison company; the settlement with Gen. Stapp, of which the following is a copy, is submitted as part of my answer.

THE MADISON BOND CO., IN ACCOUNT WITH THE STATE OF INDIANA:

Dr.

To \$180,000 5 per cent. dollar bonds, bearing interest from 1st January, 1840, <i>a</i> 88 cts., - - - -	\$158,400 00
To \$41,000 5 per cent. bonds, bearing interest from 1st January, 1840, <i>a</i> 88 cts., - - - -	36,080 00
To one year's interest on \$158,400, <i>a</i> 6 per cent., - -	9,504 00
	<hr/>
	\$203,984 00

1840—*Cr. by payments, to-wit:*

April 21; By cash from Binghampton Bank,	26,000 00
Interest to 1st January, 1841, - - - -	1,072 50
January 1; By cash of Seneca county Bank, - - - -	2,000 00
One year's interest, - - - -	120 00
April 1; By cash of Staten Island Bank, -	10,000 00
Interest to 1st January, 1841, - -	450 00
June 20; By cash of Binghampton Bank,	10,000 00
Interest to 1st January, 1841, - -	466 66
July 1; By cash of Staten Island, - -	6,000 00
Interest to 1st January, 1841, - -	180 00
July 20; By cash of same, - - - -	2,000 00
Interest to 1st January, 1841, - -	63 34
Sept. 3; By cash of Binghampton Bank, -	20,139 41
Interest to 1st January, 1841, - -	402 78
Aug. 1; By cash of Binghampton Bank, -	5,000 00
Interest to 1st January, 1841, - -	120 00
Oct. 9; Cash of Seneca County Bank, -	2,000 00
Interest to 1st January, 1841, - -	24 00
Oct. 20; By cash of Binghampton Bank, -	10,000 00
Interest to 1st January, 1841, - -	233 33
Oct. 24; By Estimates and drafts, - -	38,295 96
Interest to 1st January, - - - -	330 83

1841—

January 1; By Charles Malley's note, Staten Island, - -	2,500 00
Less int. to time when due, - -	40 00
	<hr/>
	2,460 00
By Staten Island Bank Notes, - -	20,552 99
Less int. to time when due, - -	516 00
	<hr/>
	20,036 99
By Danforth's acceptance, - - - -	25,677 42
	<hr/>
	183,073 22
	<hr/>
Balance over, - - - -	\$20,910 78

Balance brought over,	-	-	-		\$20,910 78
By estimates sec. No. 43, No. 158,	-	-	-	596 62	
“ “ No. 22,	-	-	-	1,161 80	
				<hr/>	1,758 42
					<hr/>
					19,252 36
To cash paid on the above estimates,	-	-	-		387 27
					<hr/>
					19,639 63
By 20 bonds, Seneca County, a 88 cts.,				17,600 00	
“ \$1,950 \$50 Treasury notes,				1,950 00	
Int. on same to 1st Jan, 1841,				81 25	
				<hr/>	2,031 25
				<hr/>	<hr/>
					19,631 25
					<hr/>
Balance,	-	-	-	-	8 38
By cash,	-	-	-	-	8 38

Received the above in full on a final settlement with John Woodburn, William Hendricks, Geo. W. Leonard, and V. & J. King, the Madison Bond Company, in fulfilment of their contract, entered into with myself and Lucius H. Scott, Fund Commissioners of the State of Indiana, on 19th October, 1839.

MILTON STAPP,

Jan. 26, 1841.

Fund Commissioner.

On a final settlement with John Woodburn, Wm. Hendricks, Geo. W. Leonard and V. & J. King, the Madison Bond Company, they have paid to the Fund Commissioner the full amount for the 221 thousand dollars of bonds purchased by them, as per my report of 31st October, 1839, which payment will more fully appear by our settlement of this day; and the said company declining to hold themselves further liable on their contract with the Fund Commissioners of 19th October, 1839, the contract is rescinded, cancelled and annulled, and the bond is this day given up to said company.

MILTON STAPP,

Jan. 26, 1841.

Fund Commissioner.

Interrogatory No. 21.

State if you know of any profit having been made by the use of any of the public funds by any member of the board of internal improvements, or fund commissioners, either by exchanges, by use of the funds in trade, or by any other operation in them? Also, whether any member of the board of internal improvements or other subordinate officer, purchased estimates of contractors or assisted or connived at contractors getting a larger amount upon their contracts than allowed by law? If you state the circumstances and names of parties, state all the information you have, bearing upon any of these sub-

jects; also, state the mode in which the contractors were paid, whether by checks on the bank or in merchandize? If by checks on the bank, were those checks paid in depreciated paper, or in the paper of the bank of Indiana?

Answer.

I have no knowledge that any officer of the State made any profit by the use of the public funds in any way, except as stated in my reply to 17th interrogatory. Neither did I ever *connive* at any fraudulent practices whatever, nor do I know that any officer of the State ever did, except as above named.

The contractors on the Madison and Indianapolis Railroad were paid by drafts upon the fund commissioners at the Madison branch of the State Bank of Indiana, in paper of that bank or other bankable paper, as I supposed. I do not know that any contractors were paid in merchandise or depreciated paper.

Interrogatory No. 22.

Were you a partner with your brother, Culver Woodburn, at any time while you were a member of the board of internal improvements?

Answer.

I was not, nor have I been since.

Interrogatory No. 23.

Did you at any time make an agreement with some man or men to deliver cedar timber at Madison, by way of the river, for the use of the State.

Answer.

I did purchase some cedar timber for the Madison road.

Interrogatory No. 24.

If so, did said man or men make application to you to pay \$50 on the contract, he or they having delivered a part of said cedar timber from the boat or craft, and engaged in delivering the balance from it?

Answer.

I have some recollection that an individual called on me for \$50 advance, to discharge his hands, before the timber was delivered or perhaps measured.

Interrogatory No. 25.

If so, did you not reply in substance as follows: "I am the agent of the State, and as your contract is not fully executed, I must act up to the letter of my instructions as a public officer; I cannot give it to you, but my brother Culver will give you \$50, if you will pay him \$5,00," stating that \$5,00 was five per cent. on the \$50 wanted?

Answer.

If so; as I was not authorised to draw on the fund commissioner, in advance, I might have suggested that he could be accommodated by calling on some commission merchant.

Interrogatory No. 26.

Do you know that any member of the board of public works, or other officer, or other person or persons, ever in any way participated in getting, or was, or were benefitted by the money and funds fraudulently obtained from the State by E. M. Beckwith?

Answer.

I do not.

Interrogatory No 27.

Had said Beckwith any money to loan when he entered the service of the State, in your opinion? or do you know that any friend or relation bequeathed him any money or property of any kind prior to the time he ran away? or did any one ever let him have the funds of the State? Should any of these questions be answered affirmatively, state all the particulars connected therewith?

Answer.

I do not think he had any money to loan; neither do I know that any friend or relative ever bequeathed him any money or property. If he ever obtained money from the State improperly, it must have been from the contractors for over estimates, the plunder being divided between them.

Question No. 28.

Did you, or did you not, borrow any money from him (Beckwith) since his employment by the State? If so, what amount? how often, and for what purpose? and do you know of any other person or persons that did?

Answer.

My term of service expired on 4th March, 1839. About the 1st of April following, Mr. Beckwith informed me that he had received \$10,000, bequeathed him by an uncle in Alabama. Being at that time in the pork trade, I borrowed of Mr. Beckwith \$4,500 to aid me in my operations, for which I gave my note at 4 or 6 months, with interest. I was informed that he loaned \$4,500 as follows: To Culver Woodburn, \$1,000; to Geo. W. Leonard & John Sering, \$1,000; to Wm. G. Wharton, \$1,000, and to Sheets & Grover, \$1,500. On my return from New Orleans in July, I learned Mr. Beckwith's arrest upon a charge of defrauding the State. This circumstance, and a consultation with the Engineers, excited a suspicion in my mind as to the manner in which the money thus loaned, had been obtained.

My note was presented for payment by a brother of E. M. Beckwith; I refused payment, and informed him that unless an authenticated copy of the will bequeathing the money to E. M. Beckwith was produced, I should consider it fraudulently obtained from the State. I subsequently received notice from J. G. Marshall, Esq., that he held the note. After consultation with S. C. Stevens, Esq., attorney for the State in the suit against Beckwith, I lifted the note.

Question No. 29.

Did you, or did you not, consider him a talented young man, and a scientific Engineer?

Answer.

I considered him to have sufficient talent, and knew him to be industrious; as to his scientific attainments, I cannot say.

Question No. 30.

Did you, or did you not, employ him because you could get no one else to report it practicable to locate the Madison and Indianapolis Railroad where it is, at the hill at Madison? and did not other Engineers refuse to make such report and location because of its inexpediency or impracticability?

Answer.

I did not employ him at all; Mr. Schenck employed him as assistant, and Mr. Pettit appointed him Resident Engineer. My further answer will be found under interrogatory No. 2.

Question No. 31.

Was it not your wish that Beckwith should be the Resident Engi-

neer on the Madison road? and did you have any secret understanding with him to that effect?

Answer.

My only wish was to procure the best man at the compensation allowed. I had no understanding with him on the subject.

Question No. 32.

State as near as you can, and to the best of your recollection, the excess of your lettings on the road beyond the license given you by the Board. State when the excessive lettings were made, and where?

Answer.

My first lettings were between Madison and Vernon, the second between Vernon and six mile Creek; I did not think I had exceeded my limit. In the first lettings, several sections, estimated as ordinary earth excavation, proved to be rock, very materially increasing the expenditure. This, together with Beckwith's rascality in over estimating, caused the excess, which I think is about \$50,000.

Question No. 33.

You state that you paid your brother 75 cents per tun for receiving and forwarding about 1,530 tuns of railroad iron to the hill near Madison. State the nature of the duties performed for the 75 cents per tun so paid to him, and whether or not his duties were merely supervisory.

Answer.

The duties performed were as follows: He received and counted the bars and compared them with the bill of lading, paid the steamboat rates and wharfage, taking triplicate receipts in my name as commissioner, superintended the loading of every bar on wagons or drays, and made out tickets for each wagoner and drayman and compared them with the receipts returned from the depot on the hill, and also paid for the handling of much of the iron at the wharf; the customary charge is ten cents per cwt.

Question No. 34.

What order was made by the board of internal improvement relative to their own pay and expenses, while you were on the board? State what pay of each member.

Answer.

The compensation of members of the board was fixed by law at

two dollars per day, and an equitable allowance for travelling and contingent expenses. The board passed an order fixing the latter at \$1 50 per day.

Question No. 35.

Do you know the object of General Stapp in making his deposits as fund commissioner with the Madison Insurance Company? Was there any misunderstanding amongst the company, or any portion of it, as to the purpose to which said funds, or any part thereof, were to be applied? If so, state fully.

Answer.

I do not know his object, but presume it was, first for safety, and secondly, that he could not make a general deposit of his funds in bank. There might have been a misunderstanding among the members of the company as to the manner of conducting their business, but what the difference was I do not recollect, at all events it was unimportant.

Question No. 36.

Please to give a full and correct history of the sale of all the bonds sold for the Madison Company, by whom sold, at what time sold, and all the particulars relating thereto.

Answer.

All bonds, except those mentioned in my response to 9th interrogatory, were paid out to contractors for estimates by Mr. John King; the amount of which I cannot recollect, nor to whom nor when paid.

Question No. 37.

Did the Madison Bond Company make any thing by buying State bonds and estimates? If not, what motive had the company or any member of it in purchasing bonds or estimates?

Answer.

The company lost about 30,000 dollars by taking the sale of the 180 bonds made by Gen. Stapp on account of the State, as referred to in my response to interrogatory No. 9. The primary object of the company in entering into contract with the fund commissioners, was, so far as my knowledge extends, the completion of the road; at least such was my object. Views of individual interest were secondary considerations. The company never would have entered into the contract had they anticipated the trouble and loss since encountered.

I would respectfully suggest to the committee, that when called to appear before them, I was unapprised of the duties required of me. I have therefore been unable to have access to original documents, or even copies thereof in many cases. As a necessary consequence, my answers have, in many instances, been given from recollection, and are not so accurate with respect to dates, amounts and particular transactions, as I could desire, but are substantially correct.

With much respect,

JOHN WOODBURN.

Mr. ELISHA LONG filed his answer to the following interrogatory, to wit:

Interrogatory No. 1, by Mr. Hannegan.

Please state whether in ordering the detached lettings commonly called the "patch work" made in 1838, whether the board of Internal Improvement were influenced in any way by any engineer in the service of the State, whether any engineer attempted to exercise any influence with the board for or against such lettings, and if so, whom, and what was the advice given by such engineer?

Reply.

I cannot say that in ordering the detached lettings commonly called the "patch work" the board were influenced in any way by any engineer in the service of the State. The board were divided in opinion among themselves as to the propriety of the lettings on the line of several works. Mr. Jesse L. Williams was called upon by the board to give his opinion, which was unfavorable to the lettings as afterwards ordered. I have no knowledge of any other instance in which any engineer in the service of the State, exercised or attempted to exercise any influence with the board on the subject of the detached lettings.

E. LONG.

Mr. MILTON STAPP replied to interrogatories previously propounded as follows, to-wit: (*marked M.*)

M

SERIES OF INTERROGATORIES, BY MR. DAVIS,

(Included in No. 6.) *Interrogatory A.*

Who is the Mr. Sherwood whose letter you have mentioned in your report? Is he the uncle of the Merrill B. Sherwood mentioned in Gov. Noble's report, who procured the passport for Sherwood at the time he fled to Europe; and is this Mr. Sherwood whose letter you have; the same Sherwood embraced by Noble in the suit brought to recover the proceeds of the Indiana bonds, invested in the stock of the Dry Dock Bank.

Interrogatory B.

Would any recovery that may be made of Sherwood and others, for the stock of the Dry Dock bank, stand in the way of his rights, in law or equity against a different party! In what does the antagonist principle consist mentioned in that letter?

Interrogatory C.

What is the character and nature of this equity of which you speak, transferred by Sherwood to you? State the whole of the transaction he may have had with the parties upon whom the claim exists, its amount, and whether you received from Sherwood any written authority or assignment of the claim before he fled? Did you get any written agreement for the bank stock he was to give up? or did you get any written authority to receive from the western agents mentioned, the funds in their hands? Who were these agents; how much, and what kind of funds did you get from each? What has been done with the funds—why did you not deliver them, and the funds received of Dodge, his obligations, and all such things to your successor, as the law directs?

Interrogatory D.

What certain uncurrent funds are they, you say were to be taken up in the agreement with Sherwood—who held them? Is it Gallipolis money thus provided for? Did Messrs. Stapp and Co. take in a large amount of Gallipolis paper at their store in Madison, at a discount; and if so, did you receive it of the store, and what did you do with it?

Interrogatory E.

Have you on hand the \$12,000 in Binghampton post notes, mentioned in the report of Gov. Noble—what is their date, and what amount each? From whom did you receive them? Were they re-

ceived under any of the payments mentioned from the Binghampton bank in the account stated with the Madison company, stated in Gov. Noble's report? If not, then from what other source did you receive them?

Interrogatory F.

State whether or not an agent of N. Robinson has recently passed through Indianapolis for the purpose of examining lands you purchased in the northern part of this State, and state whether you have not recently proposed mortgaging said lands to said Robinson; and if so, state in what manner you became indebted to Robinson, and in what amount—at what time such indebtedness was created, and whether it was not to refund losses sustained by Robinson in transactions, when he and yourself were concerned in stocks?

Answer to No. 6. (A.)

I have said in my report that he was the uncle of Merrill B. Sherwood. I know nothing of his having furnished his nephew with passports, except that Noble told me himself. He is the Sherwood who is made a party to a bill filed by Noble in New York, relative to the Dry Dock Bank stock. As a *Lawyer*, he stands very high; of his character otherwise, I know nothing.

Answer to No. 6, (B.)

This question can be more easily answered by those who practice law than by me. I do not see the antagonist principle myself, but there may be such.

Answer to No. 6, (C.)

The equity here spoken of is given me from Sherwood by verbal contract, connected with the interest the State and myself had in the bonds at the time Sherwood used them. He (Sherwood) agreed to give to me the equity he had in his claim against the firm of Holford, Branker & Co. for 180 bonds, and to give me all his Dry Dock Bank stock, and his Chataqua bank stock, with their encumbrances, to be used in purchasing bonds; he having the privilege to return all the bonds sold to him in 1840, and for that purpose to use also, the assets in the hands of his agents West. It was further agreed that I might commence suit for the 180 bonds in the name of Sherwood, my own name, or name of the State; and that he was to continue in possession of the bank stocks until he could pay off the incumbrances and get it in a shape to be transferred; and it was further agreed that I was to take the assets West and get them into a shape to purchase bonds, and I agreed to return fifty bonds for the assets west.

The claims he had against Holford, Branker & Co., was for usurious contracts entered into by them with Sherwood at the time of hypothe-

eating the bonds. I had no writing from Sherwood for the reason that it was not thought necessary to have a writing for the claim for the bonds, because it was supposed suit would soon be commenced, and that our claim would be on the record;—and I had no writing for the bank stock for the reason that the stock was not then in a situation to be transferred. I had no writing or order for the assets west, for the reason that the principal agent well understood that the assets were for the benefit of the State, and would willingly take my word for true in any thing that I would communicate to him.

I did not deliver these claims to Noble for the reason that he would not take them. The contract I made with Sherwood was an entire one, and the breaking a part of it would have broken the whole—it must have remained a contract with me or a contract with Noble, and Mr. Noble would have nothing to do with the suit against Holford, Branker & Co., nor would he take the bank stocks with their incumbrances from Sherwood and release him, nor would Sherwood agree to trust these matters in the hands of Noble without a release, as he supposed by Mr. Noble's course toward him, that he intended to get all he could from him, and then prosecute him with the rigour of the law. The claim on Holford, Branker & Co. and the bank stocks were offered to Mr. Noble, provided that he would release Sherwood from all further liability for the stocks sold to him or used by him in 1840 and 1841, in that case the assets west would have been appropriated as Mr. Noble should direct; but Mr. Noble would have nothing to do with the matter, but told me to go on and do the best I could with him, and I supposed I was doing so, and now believe I have done so. Mr. Noble's own lawyers, from my statement to them, think that the 180 bonds can be recovered, and they think that my answer, setting forth the contract about the Dry Dock bank stock, will insure the recovery of that claim; and should that stock be recovered, it will be sufficient to return all or nearly all of the bonds due from Sherwood.

The reason I did not deliver to Noble the funds and obligations I received of Dodge, was because I was negotiating with Dodge and a Mr. Emerson, one of the Directors of the Bank, for a return of the stocks; and when I mentioned the matter of my wishing to keep this contract for the purpose of getting the stocks back, Mr. Noble did not object to it. Mr. Emerson at one time offered me \$5,000 for the paper on hand. This sum would now return all the bonds Dodge owes for; I have no doubt but the bonds will be returned on this whole contract. William Hendricks, Jr., was the agent for Sherwood, and he employed other agents. The funds received from these agents were \$36,770 of treasury notes, and \$1,533 of Illinois treasury notes, (expenses of agency to be paid out of this amount.) Some of these funds have been sold for cash—some are sold to be paid in cash hereafter, which is to be invested in bonds to be returned to Sherwood's credit, as above set forth, and some of them have been exchanged for estimates.

Answer to No. 6, (D.)

The uncurrent paper was paper given by Sherwood in payment for bonds sold to him, and which became worthless on our hands. Messrs. Stapp & Co. did not take in any Gallipolis paper at a discount, so far as I know or believe. If any of this paper was paid to me, it was deposited to my credit in the Saving's Institution, and belonged to the State, for the reason that at the time it was taken, all evidence before us was in favor of the solvency of the bank; and as it had been circulated by the State, and the State had, as I thought, a good guaranty for its redemption, that it was my duty to take it, and accordingly directed William Stapp to take it in the store, agreeing to take it of him. It however was a very small amount, as I soon countermanded my directions.

Answer to No. 6, (E.)

I have the \$12,000 Binghampton post notes in my possession; they are dated chiefly 1st March and 1st April, 1840, and due 10 and 12 months after date, and are the denominations of \$5's, 10's and 20's. They were sent to me, by the Cashier of the Binghampton bank, at a time when they circulated to some extent in Ohio, and was supposed to be as good as Ohio post notes, which circulated freely with us. These notes being Eastern funds, I supposed at the time that they would be better than Ohio notes, but finding they would not circulate west, I kept them, believing that I would be able to cash them when due, but the bank failed a short time before that period. These notes were taken from the Binghampton bank on account of the debt due from them to the Madison company, (were taken as cash) and will be found credited to them, in the settlement with me, as a part of the \$26,000 of the 21st April, 1840.

Answer to No. 6, (F.)

No agent of Nelson Robinson, to my knowledge, has been through Indianapolis for the purpose of *examining lands*. I have already mortgaged my land to pay debts in New York. I contracted with Robinson to purchase in the floating bonds of Indiana to an amount not exceeding \$200,000. This contract was made for and on behalf of the State of Indiana, and as I supposed at the time for its benefit. The contract proved unfortunate, and Robinson lost about \$30,000; and in an arbitration with the State for a portion of the loss, Robinson recovered \$16,000. He and Mr. Noble could not agree as to the submission for the other part of the loss, as I was informed, and Robinson held me personally responsible for it. Again, I took from Robinson about \$11,000 of Illinois scrip to get exchanged for Illinois bonds, and gave the scrip to Sherwood, who agreed with me to deliver to Robinson the bonds, the first week in February, which he failed to do. Rob-

inson having my receipt for the Illinois scrip, to be returned itself or in bonds—I had to settle for it. I thus became indebted to Robinson, and on a settlement with him, paid him part money, and gave to him and others, my bond and mortgage for a part. From my confiding disposition and accommodating spirit, I am largely in debt, and it is certainly not necessary to the cause of truth for me to name and publish to the world my indebtedness, but the amount of my bond and mortgage may be found on the records in Jefferson county, and in the counties north, where my land lies.

Nelson Robinson and myself never were concerned in stocks, (except as above named, for Indiana.) I never had any private dealings whatever, with him in stocks.

SERIES OF INTERROGATORIES BY MR. DEFREES, (included in No. 7.)
PROPOUNDED TO MILTON STAPP.

Interrogatory A.

Were you in the habit of lending the State stocks in your hands while you were fund commissioner? If yes, to whom, how often, and how many to each party at each time?

Interrogatory B.

Have you ever received interest, compensation or profits in such loans?

Interrogatory C.

Did you lend bonds to the Morris Canal and Banking Company, or the officers of that institution? When and how often and in what sums?

Interrogatory D.

Were the 300 bonds said to be put in their hands to raise interest, in your former report, loaned to them?

Interrogatory E.

Was there an agreement or promise on the part of the officers of that company, at the time you delivered the \$111,000 of bonds in December last, that they would, or might be, returned?

Interrogatory F.

Were notes of the coal agent of \$100,000 executed on the day of

their date in December? Were all, or any part of the bonds delivered prior to the date of the notes of the coal agent?

Interrogatory G.

To bind the company for the bonds then sold, was it not necessary to have an order of the board? Was such the practice, and did you at the time or since, get the assent of the board to the purchase or sale? Did you learn from the dismissed officers, while lately in New York, from the cashier or others, that the company would refuse to pay the notes of the coal agent?

Interrogatory H.

Were the canal boats named in your report last year, as delivered to Mr. Keech, the State agent, actually delivered to him as stated; if so, have they been since executed, to pay the debts of the Morris Canal and Banking Company?

Interrogatory I.

Have you reason to believe that Sherwood was concerned in getting up the bank in Maryland called——? Were you consulted by him about the time it was started? Did you have in your possession any of the paper of that bank? If yes, what did you give in exchange for it? Did you offer it or pass it to others, to whom, and for what?

Interrogatory J.

Did Sherwood have control of the Newburyport Bank for a while, and to whom did he sell, and was the paper in good credit before he sold?

Interrogatory K.

Did you let Danforth and Cole, or either of them, have bonds about the time the Circleville Bank was started, either upon sale or loan—the proceeds to be used for that purpose? Did they, or either of them, return any such bonds after using them?

Interrogatory L.

Was the sale of bonds you say you made to the directors of the Circleville Bank, made by an order of the board of directors, or did the board before, at the time, or subsequently, approve of it, so as to make the bank liable?

Interrogatory M.

Did you receive any payment from Danforth and Cole, or either of them, in Circleville paper prior to the payment made on the day of giving the bonds for \$28,000 to be left at Cincinnati? If so, for what was the money received, and how applied?

Interrogatory N.

Did you let Dodge have the thirty bonds for the Newburyport paper, *before* you received the paper? If so, how long? and did you know that the bonds or their proceeds were to be used in getting control of, or in sustaining the bank or the credit of the paper?

Interrogatory O.

Did you let Dodge have the bonds (32) for which you received the paper of the Washington county Bank, in Maine, before you received the paper, and how long? Did you know they were to be used for the benefit of that Bank when he got them?

Interrogatory P.

Were you interested with Dodge, or with him and another in any speculation in Indiana stocks? Did you make an advance of funds to him, or them for any such purpose, and how much, if any? Were they procured from Indiana bonds or from what source, if not from bonds in your hands? If so interested, was there another concerned, and what individual?

Interrogatory Q.

What were your reasons for withholding the large sales you now say you made to Sherwood, Dodge, the Circleville Bank, Roop and the Morris Canal and Banking Company from the House of Representatives, in the call made on you last February, after the sales were made?

Interrogatory R.

Did you circulate, or have in your possession any of the paper of the Frankfort Bank in which Roop was concerned?

Interrogatory S.

Have you ever been interested in any manner whatever with Nelson Robinson, or Drew, Robinson & Co., in the purchase or sale of Indiana bonds, in the purchase or sale of Bank notes, or in the purchase or sale of any other stocks?

Interrogatory T.

Did you let Sherwood have the bonds to procure the funds used in purchasing the stock of the Dry Dock Bank, and did you know the object? Were you interested in the stock of that Bank, purchased by him, or were you to be so, under any contingency?

Interrogatory U.

If, as you have just stated in your report to the Legislature, only 540 bonds were hypothecated to secure the loans you made, and, that all the other bonds you let the parties have, were only deposited, and free to be withdrawn at the pleasure of the fund commissioner, why did you not take the 490 bonds from Sherwood's hands at the time you removed the loans with the 270 bonds in March to the hands of Hunt & Co., if the bonds as you say could be withdrawn at pleasure?

Interrogatory V.

What was the amount of interest paid the 1st of Jan. 1841? How did you make it up? State the different items, and the funds from which you received each? Were any part from the funds received from the sale of the Madison company's bonds? In your account, or in the letter you speak of presenting the items for settlement at the fund commissioner's office, have you stated the \$14,000 from your own funds?

Interrogatory W.

What time in the month before you came home was it that you exchanged the \$20,000 certificate with Mr. Biddle, for the Wyoming bond, and then bought back the certificate? Did you examine the form of the Wyoming bond, and enquire into the mortgage security, before you ventured the exchange?

Answer to interrogatory No. 7. A.

I loaned 60 bonds to Mr. Beers, the President of the North American Trust and Banking Company, and I have no doubt but that Indiana got a payment from that Institution of \$70,000, which it would not have got without this aid. These bonds were returned. I loaned 10 bonds to Roop, when he gave me security for his debt of \$40,000. This loan was to aid him, as I supposed, in freeing a portion of the property from mortgage. (See my report.)

NEW YORK, January 13, 1842.

Gen. Milton Stapp,

DEAR SIR—I duly received your favor of 2d inst., in regard to the loan of Indiana State bonds to the North American Trust and Banking Company by you as Commissioner of the State of Indiana. I remember the transaction *well* as I applied to you for them, and I well recollect the return of them, which was done with some difficulty, owing to the pressure on the Bank. The amount borrowed of you was from 60 to 100 bonds, as near as I can recollect; there was no consideration given for the accommodation, nor was any mentioned by you or me, your sole object being, in my opinion, to aid the Bank to meet its engagements to you, and I believe it had that effect, to a considerable extent, and I further believe that if you had not extended your payments with others, you would not have collected what money you afterwards did collect.

I am happy to be able to say that in all my transactions with you for the North American Trust and Banking Company as Commissioner of the State of Indiana, I am well convinced you adopted that course which you believed to be most [beneficial] for the interest of of your State.

I am, very respectfully,

Your obedient servant,

J. D. BEERS.

Sherwood and Danforth occasionally kept the bonds of Indiana, as I supposed, in Danforth's iron chest, or in the Leather Manufacturer's Bank, and occasionally asked to hypothecate a few to help them along, as they were large debtors to Indiana, I could not believe there was danger in the act, but supposed that it was assisting a debtor to the State in paying their debts. I had supposed that in this way I had suffered Danforth to use 32; he says 50 and it may be so; 20 were returned. I permitted Sherwood at one time to use in this way 40 bonds, and at another time 30 bonds. The 30 were returned, and the 40 is a part of the number in the receipt in Noble's hands. I do not know that I suffered him to use more, but he has used of his own accord many more. My report speaks the truth in this particular. I never loaned a bond to any one that I did not believe at the time I was subserving the interest of the State.

Answer to interrogatory No. 7. B.

No, NEVER.

Answer to interrogatory C.

I never lent any bonds to the Morris Canal or to any of its officers, which I prove by the following affidavit:

"Edwin Lord states that he has for several years past been a director in the Morris Canal and Banking Company, and for some time past been Vice President of the same, that he is well acquainted with Milton Stapp, late Fund Commissioner of the State of Indiana, that he has transacted much business with him, and that he has no hesitation in saying that the business so transacted by the said Stapp was done with an eye single to the interest of Indiana, that the said Stapp never has, to the knowledge of this deponent, loaned to the company, or to any of its officers, any Indiana bonds whatsoever, that the said Stapp has never, either directly or indirectly, received any thing from this company, or either of its officers, (so far as is known to this deponent) as presents, premium or interest for any thing that he has done for or with the company, or any individual concerned, but in all his acts with us has been faithful to his employers, that his negotiations with us since the 1st of September, 1840, have entirely secured to the State, under the worst circumstances that may come (according to opinion of this deponent) a large amount of her stocks that she never could have realized, say five hundred thousand dollars or more; and that if the canal from this time forth were managed as it should be, his negotiations would be the means of securing to the State (as this deponent believes) the return of bonds for its whole debt.

EDWIN LORD, "

Sworn before me the 7th January, 1842.

JOSEPH STEVENS,

Commissioner of Deeds.

Answer to interrogatory D.

No.

Answer to interrogatory E.

There was no such agreement. When I returned to New York in the spring, and found that the canal would not go into operation as I expected, I then tried to get the bonds back, and the officers of the company promised me to return them by the 1st of July.

Answer to interrogatory No. 7. F.

I do not know whether the notes of the coal agent were executed on the day of their date or not. I did not see them executed. I presume that the 100 bonds were delivered at the time of the delivery of the notes, but they may have been delivered before, on a contract to deliver the notes. The 11 bonds were delivered at a different time to Mr. Belmont, at the request of Mr. Biddle.

Answer to interrogatory No. 7. G.

I do not think it necessary to have an order of the board to bind

the company. In corporations, ordinarily it is so, but their officers have dealt so much in stock that I presume it is not required in this case. There was no order made that I know of. I was not informed by any one that the company would refuse to pay the notes of the coal agent.

Answer to interrogatory No. 7. H.

These boats were taken as collateral security at the time I took the mortgage on the canal, or thereabouts, and Mr. Biddle promised me to deliver the same to Maj. Knot, by name and description, for the use of the State of Indiana, and I supposed that he had done so; I do not know that they have been under execution. When in New York last Nov., I gave to Maj. Knot an authority to take possession of the boats for Indiana, and dated it some time in January, 1841. *I hope this anti-dating will create no suspicion against me on the part of the State.*

Answer to interrogatory No. 7. I.

I know nothing about Sherwood's being concerned in getting up the Milington Bank of Maryland. I was not consulted by him about the time it was started, nor do I know when it was started, but I have reason to believe that Sherwood was interested in that Bank. In June, 1840, he gave to me some of that paper, together with Gallipolis paper for State bonds sold to him, and requested me at the same time to keep the Milington Bank paper from circulation, saying that he would redeem it in a short time with Gallipolis paper. In July he informed me that he had sold out his interest in the Milington Bank, and that I must not under any circumstances, put this paper in circulation, as he had to return it to the Bank. When the Bank failed in October, these circumstances induced me to believe that Sherwood had nothing to do with the institution at the time of its failure, as I then supposed that he would have directed me to put the bills in circulation, if he wished to make by the failure. I never passed or offered to pass a dollar of the Milington money to my recollection.

Answer to interrogatory No. 7. J.

I do not know that Sherwood ever had the control of the Newburyport Bank. I never heard that he had any thing to do with it.

Answer to interrogatory No. 7. K.

I do not know when the Circleville Bank was started. I never let Danforth and Cole, or either of them, have bonds either on sale or loan for this purpose.

UNITED STATES OF AMERICA, }
 City and County of New York, } ss.

Calvin L. Cole being duly sworn, says, that he is well acquainted with Milton Stapp, late Fund Commissioner of the State of Indiana, and has had considerable dealings with him; that the said Stapp never received from this deponent, either directly or indirectly, any compensation whatever, by gift or otherwise, for any business transacted with or between them, that the said Stapp never sold or loaned to this deponent any State bonds for the purpose of aiding him in getting up the Bank of Circleville, nor did said Stapp ever loan this deponent any bonds of the State of Indiana for any purpose whatever, nor does this deponent know or believe that said Stapp knew any thing about the Bank of Circleville at the time it was first got up by this deponent and Dwight Danforth.

C. L. COLE.

Sworn before me this 10th day of January, 1842.

JOHN S. BULKLEY,
 Com'r of Deeds.

Answer to interrogatory No. 7. L.

I sold the bonds in the city of New York to the President of the Circleville Bank, who assured me that he was authorized to purchase them, and that the money was ready to be delivered to me as I returned home. Danforth, who was a principal stockholder in the Bank, and in whom I had as much confidence as any man then living, was present and assisting the President of the Bank in the purchase, and has since told me that the proceeds of the bonds were appropriated to the use of the Circleville Bank.

Answer to Interrogatory No. 7. (M.)

The first Circleville paper that I received from Danforth & Cole was received in April, 1840, and I received other Circleville paper from them through the summer and fall of that year. It was received on account of the debt due from the Binghampton Bank to the Madison Company, and paid out principally on the Madison road; some of it, however, is now in bonds and mortgages, &c., received from the Circleville bank.

Answer to Interrogatory No. 7. (N.)

I did not let Dodge have the thirty bonds before I received the Newburyport paper for them, nor did I know that the bonds were to be used in getting the control of the bank or in sustaining the paper.

Answer to Interrogatory No. 7. (O.)

I have said in my report that I received 8,000 dollars of the Washington county money at the time I delivered the bonds to Dodge, and I will not now say that I did not. But I do not know but the 8,000 dollars was in Newburyport money, and afterwards exchanged. The bonds were given him in October, and the 8,000 dollars was either received at the time of the sale or in December following in exchange for Newburyport paper, and the \$12,000 received in January. I did not know that these bonds were for the benefit of the Washington County Bank, nor do I now know that they were so used.

Answer to Interrogatory No. 7. (P.)

I never was interested with Dodge, or with him and another, in any speculation in Indiana stocks, nor did I present him funds for such purpose.

Answer Q.

About this time, I found that every thing was getting into trouble; our stocks were falling, and I became alarmed for the situation for most of the stocks I had sold and parted with in 1840. Supposing that I could at least get the stocks back from those that had not paid, and determining on that course, I thought it unnecessary to report the sales.

Answer R.

I never saw nor was in possession of any of that paper in my life. Nor did I ever hear of such a bank, until it was spoken of by Mr. Noble last summer, under these circumstances: Hearing of various inquiries, said to have been made by Mr. Noble's attorney, with regard to me, I called on Mr. Noble, and informed him that I understood that he and his attorney were busy trying to find out something against me, and that I was certainly glad that it was so, if he would deal fairly with me, and inform me of all that he heard against me, that I might disprove it while in the city of New York, where the witnesses could be had. That I hoped that he would not listen to vague rumors, and give circulation to them, without giving me an opportunity to disprove them.

He then declared that it was all a mistake, that he should not seek to find out any thing against me, and that all that he might hear he would communicate to me immediately. He then said that he had heard that I had deposited 10,000 dollars in a Boston bank, to sustain the Frankford Bank, in Maine. I replied that I had never done such a thing. That I did not know that there was such a bank in Maine, and asked of him his author. Mr. Noble very gravely told me that he did not recollect who told him.

Answer S.

I never have had any such interest either directly or indirectly. I employed Robinson to purchase stocks for the State, as related in answer to No. 6, F. question.

UNITED STATES OF AMERICA, STATE OF NEW YORK, }
City and County of New York. } ss.

NELSON ROBINSON of the City and County of New York, being duly sworn, says that he is acquainted with Milton Stapp, late fund commissioner of the State of Indiana, and that said Stapp has never, either directly or indirectly had any interest with this deponent or with Drew, Robinson & Co., (of which firm this deponent is the active member,) in the purchase or sale of Indiana State stocks or bonds, or in the purchase or sale of Bank notes, or in the purchase or sale of any other stocks whatever, or in the purchase or sale of any other property or thing whatever. This deponent further says that he, this deponent did make an arrangement with the said Stapp, by which this deponent was to purchase Indiana bonds, in order to keep their price firm in the market, which this deponent understood from said Stapp, was solely for the benefit of the State of Indiana, and which this deponent at that time verily believed to be for the interest of the said State, and this deponent further says, that the Treasnrer of the State of Indiana in the Spring of eighteen hundred and forty-one, in the presence of this deponent, suggested the same idea in regard to the policy of purchasing on behalf of the said State, the said State bonds then in market. That in pursuance of said arrangement, this deponent did purchase a large number of bonds of said State, and upon which this deponent sustained a heavy loss, sixteen thousand dollars of which loss was allowed in the settlement made between this deponent and Noah Noble, as the agent of said State. The residue of said loss amounted to about the sum of fourteen thousand dollars, for which this deponent held the said Stapp personally accountable, and which together with other things, have since the said settlement with the said Noble been settled and arranged by the said Stapp with this deponent in an honorable manner.

NELSON ROBINSON.

UNITED STATES OF AMERICA, STATE OF NEW YORK, }
City and County of New York. } ss.

Be it known, that on this eleventh day of January, in the year of our lord one thousand eight hundred and forty two, before me Edward E. Cowles, a Notary Public in and for the State of New York, duly

commissioned and sworn, dwelling in the city of New York, personally came Nelson Robinson, who by me being duly sworn, says that the facts set forth in the foregoing affidavit to which he has subscribed his name, are true to the best of this deponents knowledge, information and belief.

In testimony whereof I have hereunto subscribed my name,
[SEAL.] and affixed my seal of office, the day and year last above written.

EDWARD C. COWLES, *Notary Public*.

Answer T.

I did not knowingly do so. I let Sherwood have stocks, as answered under question No. 7, A. I was not interested in the stock, nor was I to be so.

Answer U.

The receipts in Mr. Noble's possession show the facts stated in my report that the overplus of bonds was to be returned when called for; but in these days of relaxed morals, promises of this kind cannot be always enforced. Perhaps the same reason applies in this case, that applies to the case of the Illinois fund commissioner, to the loan of Stebbins and McCallister, and the same reason *may* apply in the case of another Indiana fund commissioner with the same house. If brokers will be dishonest, and use the funds deposited with them, I cannot avert the cause and get back the bonds, more than other agents can do.

Answer V.

The interest paid by me to the first of January, 1841, amounted to \$265,417 98. I made it up of loans and amounts due the State, collected from various sources. I cannot state the different items and the funds from which I received it, without having recourse to the banks and officers through which I transacted my money business; and even then, I should have to draw heavily on my memory, to answer the question correctly.

My predecessors kept their accounts entirely with banks; they took no money but bankable money, and the banks made *their* payments: consequently, when they credited a debtor, they always debited a bank, and by this means, could always check on a specific fund. Not so with us. Under the circumstances with which we were surrounded, we had to take paper which was not bankable. The banks refused to disburse for us, consequently we had to disburse through agents, and often to make special deposits. We had sometimes to procure eastern funds in the west, and then again procure western funds in the east. We took the revenue of the State in Ohio, Illinois, and Indiana paper, and sent it to Orleans and elsewhere, to procure

eastern funds to pay our interest. We made temporary loans for the same purpose ; and occasionally, as we received money from our debtors, paid up all or a part. So that in these various complicated transactions, we had to keep a cash account on the fund commissioners' books, and our deposits in our own name. So that our checks could not be drawn on a specific fund, and therefore cannot answer that part of the question, but hold myself ready to satisfy any reasonable and intelligent agent the State may appoint, to look into my accounts.

Some of the proceeds of the bonds sold to the Madison company, were applied to the payment of the July (1840,) interest, and other proceeds of the same sales were used in paying loans made to meet that interest. I do not recollect that any of the money received for them was so applied, January, 1841, but perhaps it was so applied. I have not mentioned the 14,000 dollars of my own money, in any of my accounts with the State, as it was useless to do so, as it would have been mentioned on both the debtor and creditor side of the question.

Answer to Interrogatory No. 7. W.

It was the fore part of January that I made the arrangement with Mr. Biddle. I enquired into the situation of the Wyoming Company and was satisfied that it was at least as good as the North American Trust and Banking Company certificates. It was only for the accommodation of the Morris Canal and Banking Company that I made this arrangement, and not for myself, as I could have done full as well elsewhere.

I did not examine the form of the bond only as related to me by Mr. Biddle, as I did not see it at the time. The bond was delivered to Robinson after I left and on the payment of the money. I have no doubt but that it is secured by mortgage ; be that as it may, it is now far better than the same amount of North American Trust and Banking Company certificates, for which it was exchanged.

Interrogatory No. 12, by Mr. Hannegan.

Do you know of any public officer having realised any individual profit by the use or credit of the bonds or funds of the State? If so, state, whom, how, what amount and the time when.

Reply.

I know of no such profits realised.

Interrogatory No. 13, by Mr. Hannegan.

Did you in 1840 urge Noah Noble, during the time he was a member of the board of internal improvement, to go on energetically with

the Madison and Indianapolis Railroad under the then existing appropriation? If you did, state all the facts connected therewith, together with his answer to you, and his conduct in the matter, and his reasons for such conduct.

Reply.

In conversing with Noah Noble, in the spring of 1840, about the progress of the road, I urged him to prosecute it energetically if he could, through that summer, so as to have as much work done as possible that season. He replied that he should do but little until after the August election, after which time he would put a force on the road that would have it far in progress by the ensuing winter.

Interrogatory No. 14, by Mr. Cooper.

Did Sherwood offer you the office of president of the Dry Dock Bank, and was there any correspondence from Sherwood to you on the subject? If so, have you the same in your possession, or what have you done with it? and also state all the particulars of such correspondence if you cannot procure the same, if there were any such correspondence.

Reply.

Sherwood proposed that I should take an interest in the Dry Dock Bank and be its president; but I supposed the offer was to flatter me, and so treated it. Sherwood well knew when he made the offer that I would not accept it. I do not recollect any correspondence on the subject; I am quite sure there was none.

Interrogatory No. 15, by Mr. Davis.

Did you, during the time you was fund commissioner, pledge or in any way use the bonds of the State for the purpose of raising some four or five thousand dollars to pay a protested note or draft on John Woodburn or on John Woodburn and any other person or persons? If so, state where it was and at what time. If you did not pledge State bonds for the purpose of getting the money, state whether you had not bonds deposited with a broker, by which you were enabled to get the money. If the money was advanced to Woodburn, state when and how, and at what time he paid you.

Reply.

I never pledged bonds of the State to raise any sum of money to pay a protested note or draft on John Woodburn, nor on John Woodburn and any other person, nor had I bonds deposited with a broker to enable me to get the money, nor did I ever pay any such protested draft or note in any way. At the request of Mr. Woodburn, I paid

a sum of money for him, (but a far less sum than that mentioned in the question) which was afterwards paid for me in cash on the Madison road, for which I received estimates.

MILTON STAPP.

Committee adjourned until to morrow, (Friday,) January 14, 1842, at half past 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES, *Jan. 14th, 1842.*

Friday, half past 6 o'clock, P. M.

Committee of investigation met pursuant to adjournment, and proceeded to business.

Present—Messrs. Hannegan, (chairman,) Ritchey, Defrees, Cooper, and Davis.

Absent—Messrs. Brown of M., Brown of D., and Marshall.

The answers of Mr. Geo. Givens were filed as follows, to wit:—

Interrogatory No. 1, by Mr. Davis.

Can you explain how the Madison company could have made money in the operation of buying bonds and estimates from the contractors on the Railroad, state fully?

Reply.

I know that said Madison company bought bonds and estimates to be paid in bonds from contractors on the Railroad. That how or in what manner said company afterwards realized or received in payment for said bonds and estimates, I am unable to say; consequently unable to explain how they could have made money in the operation of buying bonds and estimates from contractors.

Interrogatory No. 2, by Mr. Davis.

Was Gen. Stapp in the habit of making deposits in the Madison Insurance Company, except such as he made as fund commissioner? Please state if you know his reason for making his deposits as fund commissioner in the Madison Insurance Company, and every thing connected with it?

Reply

Gen. Stapp was not in the habit of making deposits in the Madison Insurance Company, except such as were made as fund commis-

sioner. I do not know his reasons for making said deposits in the Madison Insurance Company.

Interrogatory No. 3, by Mr. Davis.

Have you heard any member of the Madison Company state who sold their bonds for them in the east, or do you know who sold them? If so, state fully?

Reply.

I do not recollect of hearing any one of the company say who sold their bonds for them in the east, nor do I know who sold them.

GEO. GIVENS.

MR. ROBERT LOGAN was sworn and filed his answers to interrogatories previously propounded as follows, to wit:

Interrogatory No. 1, by Mr. ———.

Did you give to John A. Graham, the acting commissioner, your note for a certain amount, in order to take up sundry claims that had been filed with him for collection; if you did, at whose suggestion did you do so?

Reply.

I did give John A. Graham, the acting commissioner, an order on the fund commissioner, at the suggestion of Mr. Graham himself, and at the time he returned to me the due bills given by me to said claimants?

Interrogatory No. 2.

What was the amount of claims filed against you and for which you gave your note?

Reply.

The amount of claims for which I gave an order amounted to six hundred and one dollars and some cents to the best of my knowledge, and John A. Graham & Co. purchased said claims and paid the full amount for the same, as I was told by the hands. Part of the above amount, however, was for orders given by me to laborers to the store of John A. Graham & Co., amounting in all to the above named sum.

Interrogatory No. 3.

Did you pay Jos. A. Graham that amount and redeem your note?

Reply.

At the time I received my draft on the fund commissioner that amount with all other claims filed against me was retained and so specified on the face of the draft, amounting in all to between two thousand and twenty-one hundred dollars.

Interrogatory No. 4.

Have you ever been called upon since for the payment of the amount again? If so, by whom and when?

Reply.

I have never been called on to pay the same again, or any part of the same.

ROBERT LOGAN.

January 11th, 1842.

Mr. JAMES GALLAGHER was sworn, and replied to interrogatories previously propounded, as follows, to wit:

Interrogatory No. 1.

Did you give to John A. Graham, the acting commissioner, your note for a certain amount, in order to take up sundry claims that had been filed with him for collection? If you did, at whose suggestion did you do so?

Reply.

I did not give my note to J. A. Graham to take up any claims.

Interrogatory No. 2.

What was the amount of claims filed against you, and for which you gave your note?

Reply.

There was about \$200 claims filed against me, but I did not give J. A. Graham my note.

Interrogatory No. 3.

Did you pay J. A. Graham that amount and redeem your note?

Reply.

The amount was retained out of my estimates by J. A. Graham.

Interrogatory No. 4.

Have you ever been called upon since for the payment of the amount again? If so; by whom and when?

Reply.

I have not been called upon for any sum.

JAMES GALLAGHER.

On motion of Mr. Hannegan,

Resolved, That for the purpose of closing this investigation, answers to all interrogatories propounded and not yet answered, will be expected at or before the next meeting on Monday next.

Committee adjourned until Monday, January 17, 1842, at half past 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES, *Monday,*
Jan. 17th, 1842, half past 6 o'clock, P. M.

Committee of Investigation met pursuant to adjournment, and proceeded to business.

Present—Messrs. Ritchey, (chairman) Cooper, Davis, Defrees and Mitchell.

Absent—Messrs. Brown of M., Brown of D. and Hannegan.

Mr. A. F. Morrison filed his answers to interrogatories previously propounded, as follows, to wit: (*marked N.*)

N

Answers by A. F. Morrison to the interrogatories propounded to him by the investigating committee of the Senate. And adopted and propounded by Mr. Davis of the committee of investigation of the House of Representatives.

Question No. 1.

When did you become a member of the board of Internal Improvement, how long did you serve as such, and who were members of the same board with you?

Answer.

I was appointed by the Governor on or about the 7th of September 1839, to fill the vacancy occasioned by the resignation of Daniel Yandes, of Indianapolis, and remained in office until the 1st of March thereafter, the representative character of the board having then been changed by the Legislature, being in and about the period of six months. Thomas H. Blake, David H. Maxwell, John Woodburn, Elisha Long, James Johnson, John A. Graham, Samuel Lewis, John G. Clendenin and myself, were the members of the board during my continuance in office.

Question No. 2.

What plan was adopted by the board of Internal Improvement as to outlays on the public works, and what reason operated on the board to induce them to commence all the works at one time?

Answer.

I was not a member of the board at its organization, nor had I any more knowledge of its plans than what were and are exhibited in the journals of the board. The board as far as I was cognizant of its acts and plans, was materially and essentially a representative body, each member thereof the guardian and advocate of the lines allotted to his charge, and generally acting as though it was expected of him to use his best endeavours to advance the prosecution of his immediate work in charge, as he was frequently urged to do by the people, and their delegations in the legislature. I know of no other reason why the board was induced to undertake all the works at one time than that they were left in this matter without legislative direction, the legislature always failing to designate which works should be first commenced and the board finding it equally as troublesome and impracticable for them to classify the works as it was for the General Assembly to do so. Not being connected with the board at the inception of its plans, I cannot speak more specifically of its inducements or motives.

Question No. 3.

Was the commissioner resident on a given work, made superintending agent of that work? How were funds supplied him from time to time to meet his disbursements, and how often did he account to the board for his outlays on the work which he superintended? Speak as to the manner in which the members of the board drew funds and what checks were imposed on overdrawing?

Answer.

The works were placed under the charge of the commissioner resident upon or near each line, he having the power to let contracts, sign drafts and to supervise the prosecution of the work. I will here take occasion to remark that all the estimates of value of work, of the prices that should be paid for such work by the State, all changes in work, the style and character of work, in all its minute and technical details, were almost necessarily committed solely to the engineers, they alone having the peculiar scientific knowledge requisite to the measurement, plans and execution of most of the work, the commissioner being in these respects, a mere formal adviser.

The fund commissioners were in the habit of informing the board of Internal Improvement of the amount of funds which were or would be available for the prosecution of the works, and in accordance with the means to be used, the board allotted sums to each work, but in numerous instances the commissioner and engineers found it necessary, as they conceived, for the better advancement of the public interest to do and perform certain quantities and portions of work, which required in their execution more money than the board had previously allotted, and at subsequent meetings of the board, such further appropriations for said work were made as provided for such expenditure, and, never until about the dissolution of the board of nine commissioners, was there any great objection made to the practice; as it was previously understood, that when heavy sections of work, which it required more time to complete than would be required on light sections could be contracted for, at prices as low, or lower than the estimates of the engineers, it was good policy to press them on fast enough to complete them as soon as the balance of work was expected to be finished on any continuous line. The opinion of the engineers was generally the rule of action in regard to pushing or retarding sections, so far as my knowledge or action extended.

The money borrowed and received by the fund commissioners was usually placed in Bank in New York, and arrangements made by the fund commissioners, with the Branches of the State Bank of Indiana to pay out Western funds to contractors on the estimates of the resident engineer, and the draft of the acting commissioner, the Bank and the fund commissioners having made such arrangements as permitted the Bank to receive Eastern funds for the funds which they paid out here to the State, the Bank advancing here, some sixty days previous to the receipt of funds in New York.

A set of financial rules were furnished the Board of Internal Improvement by the fund commissioners, regulating the manner of drawing and accounting for funds, which were the rule of government to the Board and its individual members, in their disbursements and settlements.

The contract prices of each section of work let, were registered in a book kept by the Resident Engineer, and were also specified in a contract which was delivered to the contractor. At the end of every

thirty or sixty days, a settlement for work done was usually made with each contractor, the work measured and estimated, and a certificate made out and signed by said Engineer stating the sum due the contractor, after deducting ten per cent. on canal work as a guaranty to the State for the faithful and final completion of the job. This certificate or estimate was accompanied by a check or draft on the Branch Bank, signed by the commissioner, and payable to the order of the contractor. Each of these certified estimates were registered and charged to the contractor by the Resident Engineer; and served effectually to prevent error or fraud on the part of the commissioner or contractor, and were evidence or data for the fund commissioners and the bank in their settlements. Each contractor signed and left with the commissioner or Engineer triplicate receipts as vouchers for the commissioner, which vouchers had to be presented for the examination of the Board of Internal Improvement, and were minutely examined at the end of the quarter by said Board, and each commissioner was required to account for all moneys placed in his hands, by showing full and clear vouchers for its faithful disbursement. No moneys, except for contingent expenses, such as the pay of Engineers, or small incidentals, and for adjudicated damages, ever passed through the hands of the commissioner, and all such moneys were also accounted for to the Board by the exhibition of regular triplicate vouchers.

Question No. 4.

State whether any member of the Board, and if so, what member? derived any advantage or profit by the use of the public funds; or whether you have any information, and if so, what? which would induce you to suppose that any member of the Board of Internal Improvement used any of the public funds for his private profit, or delayed to account for the same at a proper time?

Answer.

I have no knowledge of any use being made of the public moneys by any member of the Board of Internal Improvement for his private profit in any shape, nor of any delay to account for balances at a proper time, excepting the case of Mr. Burr, whose defalcation was promptly reported by the Board to the Legislature upon its discovery. The accounts of Mr. James Johnson were not satisfactory to the Board at its dissolution, owing, as was said, to the informality of vouchers, and some four or five thousand dollars was chargeable to him at that time; but Gen. Stapp informed the Senate in 1840, that his vouchers had been accepted by him or the fund commissioners. I promptly settled my accounts at the earliest possible hour after my services closed, which fact has been reported to the General Assembly, as will be seen in the journals of 1839-40; and I have a full receipt from the fund commissioners for every cent of public funds chargeable to me. A

full statement in detail of all disbursements made by me as commissioner, have been laid before the Legislature, and printed.

Question No. 5.

State what information you have, if any, which would induce you to believe that the location of any public work or part of same, had been made or changed with a view of enhancing the value of the private property of any member of the Board of Internal Improvement, or of the members of the Engineer corps?

Answer.

I have no knowledge of any acts coming within the purview of this question.

Question No. 6.

What information, if any you have, which would induce you to believe that the members of the board of internal improvement, or any member of the same, were governed or influenced in the lettings made by them, by views of private interest, contrary to the public good?

Answer.

I have no knowledge of any such influence having been exerted by any member of the board.

Question No. 7.

State what information you may have, tending to show that any of the superintending officers of the public works were guilty of accepting bribes, or conniving in any way, at the practice of defrauding the State, by allowances to contractors, of more than they were entitled to by law.

Answer.

I know of no other cases than those of Beckwith and his accomplices, which have been exposed in the Marion circuit court, and which have been reported to the legislature by the chief engineer.

Question No. 8.

Who was the acting commissioner on the Madison and Indianapolis railroad, when the Madison hill, or "deep diggings," was put under contract?

Answer.

I believe that John Woodburn was the commissioner in charge of the Madison and Indianapolis railroad, at the time the contracts were let upon the Madison hill.

Question No. 9.

Is the property of either member of the board of internal improvement dyked or defended from the freshets of the Ohio river, by the Madison railroad, beneath the deep cut? If so, whose property is thus defended?

Answer.

I am totally ignorant of any matters in connection with this interrogatory, never having had occasion or opportunity to notice the locality spoken of.

Question No. 10.

Did the interest of the State demand a thorough cut through the Madison hill? Would or would not a tunnel have been cheaper? and what advantage is it expected that the lettings of that cut is to be to the State? What is the total cost of that cut, and embankment and culvert beneath the hill? State all the information you have on this subject.

Answer.

As to the utility of a thorough cut of the hill at Madison, I can only, like others, who are not practical engineers, offer an opinion. I do not believe that a tunnel could have been safely cut through said hill, owing to the peculiar formation and strata of rock, which lay in transverse, irregular, and detached portions, in the route of the passage. The advantages to the State are said to be, that, cars may descend or ascend the hill without the cost of stationary engines, and the expense and dangers incident to them. The public are in possession of the opinions of Messrs. Pettit, Weaver, and Welsh, who have, as scientific engineers, given elaborate statements favorable to the route and construction on the Madison hill, upon the plan which was adopted. From the most authentic sources of information on the subject, being the report of the chief engineer, the cost of constructing the railroad, and its integral connections at and near the hill at Madison, is about 275,000 dollars.

Question 11.

By whose directions, and on whose recommendations was one Beckwith employed as engineer on the Madison and Indianapolis railroad? and by whom and for what was he discharged?

Answer.

I know not who employed Beckwith, or on whose recommendation he was employed. When his villainy was discovered, he was removed, and arrested by the chief engineer, Mr. Williams.

Question No. 12.

How long had said Beckwith been engaged in receiving bribes for false and fraudulent estimates, before detection? How was his rascality discovered, and by whom?

Answer.

In the case of the State of Indiana *vs.* Carnahan, tried in the Marion circuit court, it was proven that said Beckwith had for several months made fraudulent estimates, probably for as much or more than one year. His rascality was discovered by some of the contractors, and other engineers, suspecting that the work done and exhibited to view was too insignificant to warrant such large payments. These suspicions were reported to Mr. Williams, and steps were then taken to investigate the truth of the charges, and to arrest Beckwith, by Mr. Williams.

Question No. 13.

What reason have you, if any, for believing that any member of the board of internal improvement, or chief engineer, fraudulently, at any time, connived at the allowance of higher wages to contractors, than the contract price? Or connived at lettings being made at a higher rate than the market price for such work?

Answer.

I have no knowledge of any such fraudulent conduct, by any member of the board of internal improvement, or by any engineer, except as before stated.

Question No. 14.

Did any member of the board of internal improvement, at any time

make lettings to a greater extent than advised by the board? If so, state who, and where those lettings were.

Answer.

I have stated before, that I only served about six months as commissioner on the central canal, and I now state that after I came into office, no appropriations were made on the lines which I worked.— Large lettings were advertised to take place, by my predecessor, some of which were postponed by him, to take place after his term of office expired, and I proceeded to make said lettings, together with such other sections of the line as required to be commenced, in order that the work on the district let might be finished simultaneously.— Several sections of the line below the feeder dam at Broad Ripple were finished under my superintendence, in order to let the water to Indianapolis that fall, and those sections required funds to pay for their completion. The other lettings at Andersonstown and at Noblesville, were made so as to give contractors two years time to complete their jobs, and but small payments were made upon them during my official existence. If all the work let and prosecuted under my direction had been finished, I should have let beyond appropriations by the board, some 91 or 92 thousand dollars, and as an excuse for so doing, if an excuse were wanting by me, I could urge that the work required such lettings, in which opinion I was sustained by the engineers, and when I reported the same to the board, I have no recollection of any member thereof having or expressing a different opinion. The board never appropriated one cent for any of my work, after I came into office, and much work must have ceased on the northern division of the Central canal, had I not, under the concurrent opinion of all classes of the community and eminent public functionaries, proceeded with the work. Indeed it was considered that the State then would complete this northern portion of the Central canal as soon as the work could be executed at fair prices; and on an examination of the prices at which I made the lettings, it will be seen that they averaged less than the estimates made by the engineers; and so low were they, that no contractor was able to make any thing more than a bare living from his job. I seek to evade no responsibility on a charge of over letting, for the reason that the amounts previously appropriated by the board, to the several lines, were merely conjectural amounts, and if found too small, were universally extended, and all expenditures covered by additional appropriations, and had the board seen a prospect of being able to continue any work, such would have been the case with my lettings. But as the want of means was anticipated before the board dissolved, and as they were legislated out of office, the matter was left to the management of their successors, with full discretionary power to prosecute such works, as they, in their wisdom might deem expedient; and as proof of the wisdom and necessity of my lettings north of Indianapolis, I remark, that Governor Noble vigorously prosecuted them after he came into office, until

the very hour that the State suspended payments upon the public works. He even, and I think wisely, went so far as to transfer contractor's jobs from other portions of the public works, to these lines on which I had made lettings. To recapitulate; the board made no appropriations to me; I carried out the advertised lettings of my predecessor. I let work requiring time, so as to have it ready with that which was light and soon to be finished. My lettings were at low prices, and my successor continued the work on the jobs let by me. If as I understand it to be, it was the intention of the State ever to finish this work — I did right in making the lettings—if it was mere pretence and delusion to be played off upon the public, the money might better have been otherwise disposed of. I have no desire to be screened from any censure on this head, which my conduct deserves. I only acted as the commissioner, representing the works in the center and middle lines of the State, and I aimed to place their interests and works only on a fair footing with other portions of the State.

These over-lettings, as they were called, embracing similar ones on other lines, were reported to the legislature in 1839-40 by our board, and the legislature did not make any objection to them; but on the contrary, empowered Messrs. Noble and Williams still to prosecute them, which they did, especially on the northern division of the Central canal, the White Water canal, the Madison and Indianapolis Railroad, and on other works which were said by some to have been over-let.

As to over-lettings by other commissioners, I think they were very common before, and even after I became a member of the board; and if I recollect aright, nearly all of the members of the board were said to have gone beyond the amounts appropriated for their works, with the exception of, probably Messrs. Blake and Lewis. Each member, however, is interrogated, and will answer for himself on this head.—I freely admit to the committee that I let more work than there was money then appropriated by the board to pay for; but as the work was to progress through a term of two years, before the money could be demanded by the contractors, the State could suffer no loss, if she ever completed a valuable work on which the work was in progress, and on which much money had already been expended. I was and am unconscious of any law or custom, forbidding such lettings under such circumstances.

Question No. 15.

State what allowances were made while you were on the board, to members thereof, for extra services and expenses? and what reason, (if any,) you have for believing such allowances were excessive? Please refer to such records or memoranda will aid you in answering these questions?

Answer.

I have no recollection of any allowance for extra services having been made to any member, while I was on the board.

Question No. 16.

How much authority did the board delegate to the separate members thereof, in superintending the respective works; and were their acts in making lettings &c. regarded as obligatory on the board?

Answer.

Each member of the board had all the powers necessary for the prosecution of the work allotted to his charge, and if he signed contracts, I supposed such contracts binding upon the State as far as their stipulations went; but as the contract always contained stipulations so very preponderating in behalf of the State, that they could be avoided by the State, no restriction was placed upon members, and I believe that certain lettings were rescinded by the board, principally on the ground of expediency.

Question No. 17.

What reason have you for believing that any of the lettings were secretly or unfairly made by any member of the board, with a view of securing a profit to himself or his friends?

Answer.

I know of no secret or unfair lettings by any member of the board for any purpose whatever.

Question No. 18.

What contracts, if any, were taken on the public works by members of the board, at what prices, and was there or was there not, in the taking of such contracts, a fair competition among bidders?

Answer.

During my continuance on the board, I do not recollect of any contracts having been taken by any member of the board, neither do I know of any want of competition at any letting of contracts. When contracts were abandoned, they were generally let without much delay, but so far as my knowledge extends they were re-let under a fair competition, and without secrecy.

Question No. 19.

Were any members of the board, at any time secretly interested in any lettings by them made on the public works, state any information you have touching this matter?

Answer.

I know of no secret interest which any member of the board had in any of the lettings made by him, nor have I any information of any such fact, although rumors were abroad of such cases, but the facts never were known to me in such manner as to implicate any member of the board, and I will here remark that I always found the members of the board without distinction, showing great willingness to explain all their acts, and in all respects, as far as my knowledge extended highly honorable men. And indeed I take pleasure in making the same statement in reference to all the engineers with whom my duty brought me in acquaintance. They, so far as I know, punctiliously consulted the public interest, and scrupulously accounted for every cent placed in any emergency, in their hands for use on or about the works, and I always found them carefully calculating the most economical plans for the prosecution of the works on which they were engaged. Indeed it was not unfrequently the case that contractors complained of the nice exactions of the engineers associated with me, but in no case was extra allowances made to any contractor during my service. The engineers engaged on the works where I was acting were, Messrs. Jesse L. Williams, Thomas A. Morris, Frederick W. Prescott, George H. Jennison, John Hunt, Mr. Amsden and some others not remembered, to each one of whom I refer as to the manner of my conduct.

Question No. 20.

Was any member of the board of public works, or any engineer engaged on the same, at any time, either directly or indirectly engaged in any speculations in lands or town lots, on the lines of the public works or any of them? State what information you have on that subject?

Answer.

I have no knowledge of any such speculations or attempts to speculate. I attempted no such speculations directly or indirectly.

Question No. 21.

State particularly whether the Railroad at Madison could not have been taken down the hill on a cheaper route and equally advantageous to the State, and whose private interest in any manner is most

particularly benefitted, or intended to have been by the adoption of the present route?

Answer.

I have already in my reply to the 10th interrogatory stated all I know or have to say on the subject of the route on said hill. I do not know who owns the property contiguous to said route, as it runs over a long distance of bottom land before it reaches its termination at the river.

Question No. 22.

While acting as canal commissioner or board of improvements, inform the committee whether you applied the money of the State, or the use thereof in any way to your own benefit, or as capital in trade, or to speculate upon it in any way?

Answer.

I neither directly nor indirectly, used temporarily or permanently, one dollar, or any other sum of public funds in trade or as capital, or in speculation of any kind or in any way, at any time.

Question No. 23.

Whether in making contracts with the contractors there was any direct understanding or conventional one of any description, by which they or any of them were to buy or to give orders to the laborers for goods on your store?

Answer.

I made no such bargains with any contractor or contractors, neither was there any such direct or indirect understanding with them. They traded where they pleased, and were treated in all respects as other customers.

Question No. 24.

State also whether you have ever bought up the estimates of contractors at a less price than their face, or the amount for which they were given?

Answer.

Whilst acting as an officer of the State, or as canal commissioner, I never purchased any estimate from a contractor or laborer, but since

I established myself as a broker and dealer in exchanges, I have frequently *obliged* contractors and others by cashing their certificates of State indebtedness; all of which I consider my legitimate prerogative, inasmuch as I pay a license under the laws of the State for the privilege.

Question No. 25.

State all you know or all you have heard, which you may have any reason to believe may be true in relation to all, or each, or any of the above particulars, and in relation to any of the canal commissioners or member of the board of internal improvement, or any other person or persons, in any way in the service or employment of the State; and if any, state of whom and to what extent or amount.

Answer.

I have answered specifically so far as I am able to answer; but have no mental or other reservations, and am ready to give my opinions or beliefs if they could be considered valuable on any given subject; but have no accusations to make against any officer of the State, or any person who is or who has been such officer. As to the current rumors of official misconduct, I can only say that I consider them generally as rumors until proof renders them tangible.

Question No. 26.

Do you know of any instances in which the funds of the State have been either directly or indirectly made use of to purchase at a discount or otherwise, the depreciated paper of the banks of Michigan or any other State, with which to pay contractors or laborers on the public works or any of them? If so, state particularly who, whether individuals or companies or corporations, and to what amount and to whose benefit. State all you have heard, which you have good reason to believe to be true in reference to all or any of the above particulars.

Answer.

I long since heard, probably in 1837, that the laborers and contractors were paid in notes of the Farmer's and Mechanics' Bank of Michigan, on the Wabash and Erie Canal, but by whom or to what amount I do not remember. I was told so by persons who had worked on said canal. That money was then at a small discount, but the bank was considered pretty good.

All of which is respectfully submitted,

A. F. MORRISON.

Gov. Noble filed his answer to an interrogatory previously propounded to him by Mr. Brown of D., as follows, to wit :

Question.

By what means did the Madison Company come in possession of treasury notes that they paid to contractors in the summer of 1840, without requiring said contractors to suspend operations ?

Answer.

The funds for that purpose were paid over to John King by direction of the fund commissioner, General Stapp, for which the following receipt was taken at the time : " Received of N. Noble sixteen thousand and seven hundred and eighty dollars, handed me to be employed as I am directed by M. Stapp, Esq., fund commissioner, 6th June, 1840.

(Signed)

JOHN KING,
For M. STAPP, F. Comm'r."
N. NOBLE.

Mr. Hugh Stewart was sworn by Joshua Soule, Esq., and submitted his answers to interrogatories previously propounded, as follows, to wit : (*marked O.*)



SERIES OF QUESTIONS BY MR. DAVIS, PROPOUNDED TO HUGH STEWART.

Question No. 1.

What time were you in Philadelphia endeavoring to sell a draft, and what was the character that Robinson & Drew then bore in Philadelphia? State all the circumstances and conversation that took place in your presence between Gen. Stapp and Merrill B. Sherwood; and what was the general character of M. B. Sherwood in New York? State all you know, and your object in going to New York?

Answer.

I went to New York about the last of December, 1840, my object was to dispose of some twenty Indiana State bonds. On my arrival there, I went to Gen. Stapp, our fund commissioner, to get his advice and assistance in helping me to dispose of said bonds to the best advantage. After consulting Gen. Stapp, he advised me to dispose of said bonds to M. B. Sherwood for Gallipolis paper, stating that I could get more from Sherwood than any other person in New York, and that Gallipolis paper would answer my purpose, as I intended to disburse it in Indiana. I objected to take Gallipolis paper, and stated as my reason, that I did not believe the bank to be solvent—for I understood

the bank was trying to circulate all the paper they possibly could, exchanging it for Illinois scrip and Indiana treasury notes, and that at a time when the Pennsylvania banks had just resumed specie payments, and the probability was, the Ohio banks would soon resume—therefore, I thought they never intended to redeem their paper. Gen. Stapp then referred me to the report of the directors, and to their high standing. I told him it all appeared very fair, but that I knew enough about business to believe that there was something wrong. He then stated to me that he would guaranty said Gallipolis paper until the first of May, and that it would purchase salt in Madison. I still did not accept his offer, but after remaining in New York about eight days, and finding bonds falling, I agreed to let him (Gen. Stapp) have ten bonds; but I would not give him the bonds until I got the money, and until I knew that I could part with the money without a loss. Gen. Stapp then stated that there was Gallipolis paper in Madison, and that he would give me an order which by presenting, and leaving the bonds, I could get the money. To this I assented—but before I got to Madison the bank had exploded; (the order is in the possession of the Senate investigating committee.) Before I left New York, I stated to Gen. Stapp that I would need about two thousand dollars, as I had some debts to pay in Philadelphia, that I would thank him to dispose of some three or four bonds for me—to this he kindly consented. He disposed of them to Drew, Robinson & Co., paid me about \$200 in cash, and gave me Drew, Robinson & Co.'s draft on a bank in New York, at I believe 5 days sight, for the balance. I endeavored to dispose of said draft in Philadelphia, but could not; I then went to a merchant that I was dealing with, and got him to go with me to try and dispose of said draft. We tried to dispose of it to several brokers, but could not, the brokers giving as their reason, that the firm of Drew, Robinson & Co., was of doubtful character. I did not receive the money until the draft matured. I heard nothing said against the character of Robinson & Drew in New York, but cannot say the same of Sherwood—I heard it asserted by several that he was a designing and intriguing man, and would take the advantage whenever he could get it. The men that made these statements against M. B. Sherwood, were brokers, and strangers to me. As the committee requests me to state the conversation that took place in my presence between M. B. Sherwood and Gen. Stapp, I will state that I do not remember much of the conversation; there was one subject, however, that took my attention as being a new mode of financiering, at least new to me; it was this: It appeared from the conversation that one of the Illinois commissioners sold M. B. Sherwood one hundred thousand dollars in bonds, for one hundred thousand dollars in Gallipolis bank paper, the said Illinois commissioner agreeing to take said Gallipolis paper to Illinois and purchase State scrip, keep one-half the profits and give one-half to said Sherwood—but it appeared when the commissioner returned to Illinois, he reported to the Governor that he had sold the bonds at par, and for cash. Mr. Sherwood appeared very much displeased, and Gen. Stapp remarked to him in a jocular manner,

that the Illinois commissioner, naming him, must be a rascal, that he had chiselled him (Sherwood) out of from fifteen to twenty thousand dollars, and that if he (Stapp) was Sherwood, he would hold him to his contract, for that he understood that there was a distinct agreement between them.

Question No. 2.

Do you know that Gen. Stapp pledged the bonds of the State or used them in any way for the purpose of getting funds to pay a note or draft on John Woodburn, or on John Woodburn and other or others? If so, please state all that Gen. Stapp or John Woodburn may have said in your presence, in relation thereto.

Answer.

I do not know that Gen. Stapp pledged bonds or used them in any way for the purpose of getting funds to pay a note on John Woodburn. I heard Gen. Stapp say he paid a note for John Woodburn, the amount of the note and the particulars, I do not remember.

HUGH STEWART.

Mr. GEORGE W. LEONARD was then sworn, and replied to the following interrogatory :

Interrogatory No. 1, by Mr. Cooper.

Did you ever converse with Noah Noble about Gen. Stapp having used the funds of the State for his private use? If yes, when, and what did Mr. Noble say on that subject? Tell all about what was said at the time.

Reply.

I did, and he said he had no knowledge of his ever using any. On his being asked how he accounted for all the losses the State had sustained through his agency, he replied, on account of his incompetency and placing confidence in the Wall street brokers.

Respectfully,

GEO. W. LEONARD.

Answer submitted by Mr. John Woodburn.

Interrogatory by Mr. Davis.

Do you know that General Stapp pledged the bonds of the State or

used them in any way for the purpose of getting funds to pay a note or draft on John Woodburn, or on John Woodburn and another or others? If so, please state all you know about it.

Reply.

I have no knowledge that General Stapp ever used the funds or bonds of the State for my benefit, or for the benefit of myself and any other person or persons. I requested General Stapp to pay a debt for me in New York of about 3,000 dollars, promising to refund to him on demand. General Stapp did so, and I afterwards paid him in a manner satisfactory to each of us.

Respectfully, &c.,

JOHN WOODBURN.

Committee adjourned until to-morrow, (Tuesday,) January 18, 1842, at half-past 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES, *Tuesday,*
Jan. 18th, 1842, half past 6 o'clock P. M.

Committee of Investigation met pursuant to adjournment, and proceeded to business.

Present, Messrs. Hannegan, (chairman) Cooper, Mitchell, Davis, Ritchey and Defrees.

Absent, Messrs. Brown of M., Brown of D. and Marshall.

Interrogatories Nos. 1, 2, 3 and 4 were propounded to Mr. Jesse L. Williams, and time given him to answer.

Committee adjourned until Thursday, January 20th, 1842, at half-past 6 o'clock, P. M.

HALL OF THE HOUSE OF REPRESENTATIVES,
Thursday, Jan. 20, 1842, half past 6 o'clock, P. M.

Committee of Investigation met pursuant to adjournment and proceeded to business.

Present, Messrs. Hannegan, (chairman) Brown of M., Mitchell, Defrees, Cooper, Davis and Ritchey.

Absent, Messrs. Brown of D. and Marshall.

Mr. Jesse L. Williams was sworn by Joshua Soule, Esq., and submitted his answers to interrogatories previously propounded, as follows, to wit: (*marked 146.*)

BY MR. DEFREES.

Question No. 1.

MR. J. L. WILLIAMS, when did you first begin to suspect the fraudulent estimates of E. M. Beckwith? What was the immediate cause which excited this suspicion? And how long after that period was he continued in the service of the State?

Question No. 2.

State all the facts and circumstances connected with Beckwith's over estimates, and of the manner of his arrest. State whether complaints were made against Mr. Beckwith at any time. And if so, whether those complaints were investigated by the board, and what was the result.

Answer to Interrogatories Nos. 1 and 2.

After what has passed before the committee of the Senate, in relation to the over-estimates made by Beckwith, I shall perhaps be excused for giving a full detail of the whole matter, so far as has come within my knowledge. As some time has elapsed since these transactions occurred, it may be difficult to remember dates with perfect accuracy; but the following statement of facts and incidents is true to the best of my knowledge and belief.

In considering this subject with reference to what was my duty, or the duty of the board, at the time, it is very difficult to keep before the mind, the distinction between the conduct and character of Mr. Beckwith, as exhibited *prior to the time of his dismissal*, and his true character as *subsequently exposed*. However difficult a task this may be, my confidence is strong that this committee will rigidly make the distinction.

Mr. Beckwith was first introduced to me in Indianapolis, in Dec. 1836, by Mr. Pettit, principal engineer on railroads and turnpikes in this State. He was introduced as the resident engineer on the Madison road. In our frequent conversations during that winter, Mr. Pettit spoke in the highest terms of Mr. Beckwith, as well qualified for the station, and possessing his confidence. At that time, as is well known, the profession of engineering was amongst the most reputable. Those who had obtained the rank then filled by Mr. Beckwith, were placed upon a footing of high respectability. The manner in which he was introduced to me, placed him at once upon a level with any one of our resident engineers, and was well calculated to secure my confidence. I did not look back at that time, to inquire into his previous history; supposing that Mr. Pettit, who was just from the east, as well as Mr. Beckwith, knew that his confidence was not misplaced. I saw but little more of Mr. Beckwith, if I saw

him at all, until I took charge of the road, in September, 1837. About that time, I passed hastily over the railroad, and finding him industrious, and the mechanical work on his line well done, I saw nothing calculated to lessen, in any degree, the confidence previously acquired, through the manner of his introduction.

In the winter of 1838, Mr. J. H. Hendricks called on me at Indianapolis, and made some complaints against Mr. Beckwith, in relation to some field notes, relating to his section, and expressed a wish that I would visit the section, which I agreed to do as soon as I could. His complaint, however, did not produce much effect upon my mind, for the reason that such complaints were so very common amongst contractors. It did not occur to me that there was any great necessity for my interference. It seemed so improbable, that an engineer in respectable standing, would wantonly withhold estimates, when I could see no motive for such a course. When an individual, and especially one of that profession, has once acquired my confidence, I have been very slow to credit charges such as were made against Beckwith.

In the spring of 1838, as soon as my duties and the health of my family would allow, I visited Mr. Hendricks' section. Mr. Hendricks complained, amongst other things, that Beckwith did not furnish him the field notes as he desired. I told Beckwith that it was my practice to give every contractor free access to all notes and levels connected with his work; and advised him for Mr. Hendricks' gratification, to make out a full profile of his section, and put on it, from the books of his office, all the levels. This was done; and here we have the origin of what is so often spoken of by Mr. Hendricks in his testimony as the "*false profile*."

It was afterwards shown that some of the levels were put down wrong in the profile, but this, though an evidence of carelessness, was not to my mind any evidence of wrong intention, nor was it of any consequence to the contractor, as will be seen by the testimony of T. A. Morris. The estimates were not made from the profile but from other notes, and if these notes were wrong they were subject to correction, and had nothing to do with the profile. It was only to gratify Mr. Hendricks that I directed it made out. Mr. Hendricks says I swore to its correctness. This I could not have done positively, for I never took a level on the hill, nor set one down on the profile; what I did say will be seen by my recorded testimony hereinafter given; of course I was ready to say that I believed it correct, as I should believe any paper correct that came from a resident engineer. I have never been able to see any ground for the consequence attached to this profile, by Mr. Hendricks. Every engineer knows it was an unimportant paper whether correct or not.

It is made a subject of complaint, that I did not in the spring of 1838, go to Madison and re-measure, personally, Mr. Hendricks' section, at his request. A simple statement of the duties of a general nature which at that time were pressing upon me, will show that I could not have complied with this request, at any time during that season, without neglecting duties of much greater importance.

In the winter of 1838, the board of internal improvements ordered *thirteen* lettings, the first to take place on the 10th day of July, and the others to follow in quick succession. These lettings embraced the most difficult and responsible portions of the works. They were scattered over the whole territory of the State. It was my duty as chief engineer, to superintend and direct the location of all these lines; to see that the cheapest locations were made; to investigate the responsible subject of supplying the canals with water; to design and prepare plans for all the various structures, such as locks, dams, aqueducts, &c., to prepare specifications of the manner of performing the work, &c., and to attend all the lettings, so far as it was in my power. These were the peculiar duties which devolved upon the chief engineer, according to the orders of the board as well as the usage elsewhere. A neglect of these duties might have involved the State in the construction of canals without sufficient water to supply them; or it might have resulted in improper locations, by which thousands and hundreds of thousands would have been lost to the State; or the plans of the dams and other structures might have been such as to have caused their rapid destruction. The committee will see that these general duties were of paramount importance, and that their proper performance, together with the general charge of the work under contract must have required all my time during the season of 1838. I might challenge any one to show an instance in the history of public works, where duties so extensive and so responsible were ever placed upon any engineer as devolved upon me during the year 1838. I recollect to have kept an account of my travelling over the State during a period of about four months of that season, on horseback and by stage, and it amounted to near 3000 miles, besides the numerous stoppages on each line to attend to necessary duties. I should have taken pleasure in gratifying Mr. Hendricks by measuring his section with my own hands, whether I had deemed it necessary or not, but to have made such measurement would have required near a week, and that week I could not spare, under my view of my duties. I am conscious of having devoted *all my time assiduously to the public service*, during that year, and I always applied my time to such objects as my sense of duty directed. I have never, while acting as chief engineer of the State, laid off or measured the work of any contractor. This was the duty of the resident or assistant engineers who were equally competent. And where the resident on a line was not acceptable to any contractor, another has been sent from another line. This was done in the case of Mr. Hendricks. Mr. Morris was sent in July, and again in December, 1838, to measure Mr. Hendricks' section. It affords me pleasure to have this opportunity to explain to the committee as I have often done to Mr. Hendricks himself, the reasons for what he has for a long time considered a neglect of his interests and wishes.

The multiplicity of my duties of a general nature, during the year 1838, will furnish to the committee a reason, if any is required, why it was not in my power, unsuspecting as I was, to have discovered

earlier Mr. Beckwith's over estimates. Had I been acting as principal engineer of the Madison road alone, I should have occasionally accompanied the resident engineer in making his estimates, and might possibly in that case have discovered some reason for suspecting his inaccuracies. But I never did make or assist in making, as I now recollect, a single estimate to a contractor on the Madison road, during the year 1838, nor did I ever examine particularly any of Mr. Beckwith's estimates. I had no time to do so. The nature of my duties did not allow of it, nor was it expected of me by the board. These duties were performed by the residents on all the lines. Having no reason to suspect that he was making *too large estimates*, (the complaints against him having been for *under estimates*,) I did not think it my duty to investigate his estimates personally, more than those of other residents. Certainly it will not be deemed strange that I did not earlier suspect his over estimates, when neither the acting commissioner, who paid his estimates, nor the assistant engineers who were with him daily on the line, had any suspicions until the spring of 1839, as they all state under oath; and when Mr. Morris, who twice measured Hendrick's section, reported that no essential errors were discovered in that work, so far as he examined it.

At the general meeting of the board of Internal Improvement in June 1838, Mr. Hendricks attended the meeting and made complaint that his estimates were too low, and making some charges against Mr. Beckwith which were patiently heard by the board. The following are the proceedings which then took place, as copied from the records of the board:

Indianapolis, 11th June 1838.

"The memorial of J. H. Hendricks was presented asking compensation for extra work, and contract work withheld and not estimated on the 2d section of the 1st division of the Madison and Lafayette Railroad, which was read and referred to a committee of Messrs. Blake, Long and Lewis.

Ordered that the board adjourn till to-morrow morning 9 o'clock.

INDIANAPOLIS, *June 12th, 1838.*

The Board met,

Present—David H. Maxwell President, T. H. Blake, Daniel Yandes, Elisha Long, Samuel Lewis, John Woodburn and J. B. Johnson.

Mr. Blake from the committee on canals &c., to whom was referred the memorial of J. H. Hendricks, now submitted the following report:

The committee to whom was referred the memorial of J. H. Hendricks contractor on the 2d section of the 1st division of the Madison and Indianapolis Railroad, setting forth complaints against the official conduct of E. M. Beckwith the resident engineer, and asking redress from the board, have had the same under consideration, and now submit the following report:

It cannot be expected of the committee, that they will at this time come to any decision upon the specific charges preferred against Mr. Beckwith, the evidence furnished being *ex parte*, and the character to be affixed to the conduct imputed, depending entirely upon the motives which influenced it, nor do they deem it necessary to do so in meting out a full measure of justice to the memorialist.

The committee recommend to the Board, that to settle the question as to the amount of work actually done on said section, the principal Engineer cause an estimate to be made by a Resident Engineer taken from some other line, whom he shall order upon that especial service as soon as the public interest will admit of it; and in case of any excess over the estimates already made, the acting commissioner shall, in accordance with the terms of the contract between the parties, forthwith pay the same to the memorialist, and also, for any extra work which he may be satisfied has been done, which may not be embraced in former estimates.

The committee do not believe it expedient to authorize any extension of the time specified in the contract, as by so doing, the contract would be made to assume the character of a private letting, and in other respects the precedent would be a bad one. If a contractor is prosecuting his work with fidelity, and the public interest is not suffering by the delay, it is believed to be the invariable practice in our service not to interfere with him, and it is not to be supposed that in this case the acting commissioner would make an exception. Nor can the committee recommend that the whole amount of the percentage withheld shall be paid over to the memorialist, as the exercise of this retaining power is sanctioned by usage, and obviously required by the public interest; and moreover, as the contract of the memorialist carefully entered into, expressly yields this reservation of power to the commissioner; but as the amount actually retained under canal contracts is only ten per cent., and the work on this section very heavy and costly, it is a question for the liberal inquiry and decision of the acting commissioner on that line, how far any portion of the amount retained may be paid over without any risk on the part of the State. This is a matter to be left with him, he is to a certain extent, responsible for the execution of the work on his line. It is to be presumed that he is the best acquainted with the circumstances connected with it; and this board should, in the opinion of your committee, be extremely careful how they interpose their authority, as it might be attended with embarrassment to the commissioner, and trench upon his powers, which, although they may seem arbitrary, experience proves to be necessary, and thus by an unguarded sensitiveness to an individual, inflict a vital injury upon the interest of the service.

The committee ask to be discharged from the consideration of the subject.

The report was concurred in."

A few weeks after the meeting of the board I directed Mr. Morris to make a careful estimate of all the work done by Hendricks, on section No. 2, and to investigate all his complaints. Mr. Morris' report to me gave no evidence that estimates to any material amount had been withheld from Hendricks. The effect of the whole investigation was rather to produce the impression that Mr. Hendricks had complained without much cause. Mr. Beckwith's manner of giving orders to contractors appeared sometimes rather arbitrary, and to this I attributed chiefly the origin of the complaints; against this habit I took occasion to caution him. Mr. Hendricks was not satisfied, however, and on further complaints being made at different times, I sent Mr. Morris again to his section, in December, 1838, without any order of the board, in the hope of rendering full justice and correcting the evil if any existed. This estimate, like the first, did not show any material wrong. (See the testimony of T. A. Morris in relation to these two estimates.) At the meeting of the board in the winter following, Mr. Hendricks again complained to the board, and was fully heard by himself and counsel, Hon. I. L. White. Gov. Hendricks was also here, so that all the charges and evidence were fully submitted. The following are the proceedings of the board on that occasion, as copied from the records:

"Mr. Morrison, from a select committee, made the following report which was adopted."

INDIANAPOLIS, *January 4th*, 1839.

"The select committee to whom was referred the memorial of J. H. Hendricks, asking the removal of Edward M. Beckwith, resident engineer, on the Madison and Indianapolis Railroad, for certain reasons and on various charges therein set forth, respectfully report:

That in the discharge of the duties assigned them, they in the presence of Mr. Abram Hendricks and said Beckwith, at the room of the board of internal improvements, proceeded to hear the parties in the premises, and after an examination of all the testimony offered by the parties aforesaid, your committee are of the opinion that sufficient cause has not been shewn for the intervention of the board in the removal of said Beckwith.

In regard to the claims of the said Hendricks, for compensation and damages, as set forth in his memorial, your committee after investigating their character and the obligations upon which they are based, have come to the conclusion, that it would be a source of never ending disputation between contractors and engineers, if the board should establish the precedent of deciding upon claims set up by contractors upon other *data* than the measurement and estimates of competent and disinterested engineers; and in this case, inasmuch as several

measurements and calculations have been made, by persons who are, as your committee believe, both competent and disinterested, they are unable to see any reason which should induce them or the board to go beyond the reports and estimates of Thomas A. Morris, of the 2nd December, 1838, which shows that upon the statement of an account from the commencement of work upon section No. 2, of first division of Madison and Indianapolis Railroad, a balance of \$2,641 due at that time to the contractor, and for which sum the commissioner has drawn in favor of the memorialist, as your committee are informed.

Your committee are distinctly of opinion, that it would be an unsafe assumption of power, for any commissioner to pay money on the construction of works, upon any other authority than the regular and formal certificate or estimate of the proper engineer; and they therefore cannot conceive that it was the duty of the commissioner in charge of the work, mentioned in the memorial, to make payments beyond the estimates upon the work.

Under these considerations, your committee ask to be discharged from the further consideration of the memorial; and that the memorialist have leave to withdraw his papers and documents in relation to his claims for further allowances.

Signed

A. F. MORRISON,	} Select Com.
J. A. GRAHAM,	
J. B. JOHNSON.	

“Abstract of testimony taken before the select committee, appointed to investigate the charges contained in the memorial of J. H. Hendricks, against E. M. Beckwith, resident engineer on the Madison and Indianapolis railroad, as taken before said committee, at the office of the board of internal improvement, in Indianapolis, January 4, 1839.

1st. By Mr. Hendricks was presented the affidavits of James C. Patton, A. T. Robison, D. P. Bird, David Branham, Thomas Alexander, John Waterman, H. Beitzell, Alexander Boyle, Alexander Williamson, Samuel Finacal, and William H. Branham, charging the said Beckwith with a want of truth and veracity, with being oppressive to contractors, in many cases, ignorant of his duties, and incompetent as an engineer.

Which testimony was, by consent of parties, received and considered by the committee.

As rebutting testimony produced by E. M. Beckwith, Jeremiah Sullivan was sworn by Hon. Isaac Blackford, one of the judges of the supreme court, and being interrogated, as to his acquaintance with said Beckwith, testified, that he had been acquainted with said Beckwith during the term of eighteen months, or thereabouts, that he never heard any thing derogatory to the character of said Beckwith, as regards truth and veracity. Believes him to be as correct and

moral in his deportment as any individual with whom he has no very intimate association, judging only from his ordinary occupation in the community; witness does not pretend to say any thing in regard to Beckwith's qualifications as an engineer, or along the line of work among the contractors; never heard any charge against him, except in the matter of contest with Mr. Hendricks; that said Beckwith was in the habit of visiting in his family.

Orrison Ellis sworn, in like manner testified, that he had been a mechanic on the line, ever since Mr. Beckwith had charge thereof, and had been engaged in making models and articles for the work under Beckwith's orders; that he always found him true to his engagements, and conforming to his promises, and believes him to be a man of truth and veracity; and that his general reputation was good, so far as witness had knowledge.

William J. McClure was sworn in like manner, testified to the general good character of Beckwith, and that he believes him to be a man of truth and veracity, and that he had never heard of any charge against him, except in the case of difficulty with Messrs. Hendricks.

"Michael G. Bright and Joseph G. Marshall, Esqs., sworn in like manner, testify to the fact of Beckwith's good character for truth and veracity; never heard any charge made thereon, except in the case now in difficulty; know nothing very particular about his general character, but so far as their knowledge extended at Madison and on the line, never heard any charge made against him as a man or engineer; believed his general character to be good in the community."

"Charles W. McClain testified to the general good character of Mr. Beckwith."

"Jesse L. Williams testified to the fact that he believed Beckwith to be as competent in the science of engineering as a man of his age could well be expected to be; that he evinced a zealous care in the discharge of his duties in connection with the work, and had shown an intimate acquaintance with its details; that he believed the profile of the hill at Madison made by Beckwith and exhibited by Hendricks to be reconciled with the estimates, taken in connection with the explanation of Mr. Sprague; and that he knew of no other way of measuring the work done, so as to arrive at the original state of the bench marks, than that which had been adopted in the measurement already made."

William J. McClure re-examined by Mr. Hendricks; testified that he had been "called upon by Mr. Hendricks to assist Mr. Collins in measuring the work done on section two, and the side levels and stations of the work, as laid down in the profile aforesaid; that on the examination by Collins he believed Beckwith's measurement to be erroneous, but that afterwards when Beckwith showed him his method of measuring and calculating, he changed his opinion, and concluded he (witness) was incompetent to decide on questions involving engineering science; that at a future period Collins and Beckwith made calculations of the work at Beckwith's office, and they, Collins and Beckwith, agreed very nearly in their calculations as to the

amount of work contained in the cross sections of the profile; so nearly so, that Collins remarked that the difference was not essential to either party; that he was originally acquainted with the general appearance of the Madison hill, but could not positively say that any form of the hill was variant from the profile made by Beckwith indicating the cuts and fills."

Signed,

A. F. MORRISON, }
J. B. JOHNSON, } *Select com-*
JOHN A. GRAHAM, } *mittee.*

"The foregoing is a copy of the abstract of testimony in the case of the complaint of Hendricks against E. M. Beckwith, taken by the select committee, as it remains on file in the office of the Board of Internal Improvement."

J. MORRISON,
Secretary of the Board.

Indianapolis, 5th January, 1839.

About the last of March, 1839, Gov. Noble and myself made a tour of examination to Madison, and thence to Lawrenceburgh and Brookville. During this trip, after being at Madison and learning the increasing unpopularity of Mr. Beckwith, (though no charge of over estimates had then come to my knowledge,) we determined that for the good of the work we should discontinue his services as soon as he made the location to Columbus. This determination I communicated to him the next time I saw him, about the last of April. I heard complaints from the citizens of Columbus of the manner in which Beckwith was running the Railroad at that place. I went down to Columbus, and found his location to be of such a character as to excite suspicion that he was aiming in some way to promote his own interests at the expense of the town. I thereupon took charge of the location myself, and a few days afterwards, he left on a visit to Pennsylvania. A few days after this, I think about the latter part of April or 1st of May, while engaged with the assistant Engineers in establishing the location of the Railroad in the vicinity of Griffiths, Mr. Patterson informed me of a statement made to him and Mr. Sprague a short time previous, by Mr. Lefever, in relation to some money transactions which took place between Beckwith and Lefever while the latter was a contractor. He also informed me about the same time, that he and Mr. Sprague had secretly, while in camp, made some calculations of the Graham Bridge, which excited their suspicions that there had been some errors committed there, but they were not yet fully certain as to this. Until this period, I had not suspected him of making over estimates, or otherwise defrauding the State. It is proper here to state, that a few weeks before this statement from Patterson, Gov. Wallace told me there was further dissatisfaction with Beckwith on the Madison road—he told me that Gov. Hendricks and Mr. Branham were his informants. He could not have named to me any thing about over-

estimates, for that charge would have aroused my suspicions of his frauds, and I had no such suspicions until I went to the line a few days afterwards. I am very confident he did not name to me the long detail of hearsay statements which Gov. Hendricks says he requested him to lay before me. As we had previously concluded to dismiss Beckwith so soon as he made the location to Columbus, this conversation made but little impression upon my mind. I think I have stated it correctly. In the conversation alluded to by Gen. Stapp, which he says took place about the 1st of March, 1839, I am sure the word fraud was not used, because that would have excited my suspicion. Gen. Stapp himself, is not sure that he used this expression.

The conversation taken, in connection with the fact that Gen. Stapp was then urging the appointment of a friend to this station, did not impress my mind very strongly at the time. I was rather disposed to think it a variation of the charge before made, and which had been investigated by the Board. I can state distinctly, that neither this nor any other conversation or circumstance produced upon my mind any suspicion of over-estimates or frauds, prior to my visit to the road about the latter part of April, although, as before stated, Beckwith's dismissal was agreed upon, for *other reasons*, as early as the first of April, 1839. It should be observed, however, that after the passage of the modification act, it became necessary to re-appoint, formally, all the Engineers who were to be continued in the service. The other Residents were so appointed on the 12th March, 1839, as appears on the records of the Board. Beckwith's re-appointment was suspended for further inquiry into the cause of the prejudice that seemed to exist against him.

On receiving this information from Patterson, I directed the assistants to continue their investigation, but as the letting was near at hand, and much to do in preparing the line, we did not find time to complete to our full satisfaction these investigations until after the lettings at Vernon. Some few days after this letting Messrs. Patterson & Sprague at my request took all the notes and papers and made a full and very careful measurement and re-estimate of all the work at the Graham bridge, which showed without any doubt that he had over-estimated that work about \$13,000. These estimates were made in an upper room over the Savings Institution in Madison, and occupied two or three days. They were made as were all the investigations on this subject, with great secrecy, for fear that Beckwith would hear of our suspicions and leave the country, and thus escape the punishment he so justly deserved. Beckwith had returned from Pennsylvania a few weeks before this time, and as there was now no doubt of his guilt, I only awaited the proper occasion to arrest him. Up to this time no one as I believe but myself, the two assistants and Gov. Noble, knew of his over-estimates excepting of course those engaged in the frauds. On the evening of the 26th June, 1839, being in Madison, I found that the two contractors, Carnahan and Lefever, whom I wished as witnesses were both in town. I saw them late in the evening and ascertained that they were to leave the next morning, and I knew also that Beckwith

was going to Mr. Butler's near Vernon the next day. I perceived that this was the time to carry into effect what I had meditated for near two months. About 9 o'clock at night I called on Michael G. Bright for legal advice. After going to his office, I asked him if there was any way of punishing an engineer, remarking to him that no bond or security had ever been given or required of men in that profession—their honor being alone relied upon, as is the case with officers of the army. After explaining the case, he remarked that he might be arrested and convicted under the charge of obtaining money on false pretences. I requested him to draw up the papers that night and I would see him early in the morning. I however thought it proper first to have a private interview with Beckwith. On the following morning I told Beckwith that I wished to see him in his room before he left town. Just at that moment N. B. Palmer, of Indianapolis, then on a visit to Madison, passed by the Hotel, I asked him to go with me up stairs to Beckwith's room. My object was to have a witness present, though Mr. Palmer was ignorant of my intention. After introducing him to Beckwith, I opened the estimate books, and showed Beckwith the calculations of the Graham bridge, and told him that I believed he had over-estimated that work about \$13,000, and that he had shared the excess, and asked him to take the papers, examine them, and if I was wrong to show me wherein, or if his error was an accidental one, to explain how it occurred.

For the particulars of the conversation which then took place, I beg leave to present the following memoranda made out by Mr. Palmer, whose permission I have for so using it. This memoranda was made out the day after the interview as I am informed by Mr. Palmer for the purpose of refreshing his memory when called upon to give evidence in court. The original is in my possession, in Mr. Palmers' hand writing.

“MADISON, *June 27, 1839.*

“This morning Mr. Jesse L. Williams, chief engineer, called on me and desired me to be present at an interview between him and Mr. Beckwith, the resident engineer.

“I stated that I was a stranger to Mr. B. He replied that it would make no difference, that it would be better if I were a stranger to both. He did not give me any intimation of the nature or object of the interview, but requested that I would be at the hotel in five minutes. In about that time I met Mr. W. and Mr. B. at the hotel, and followed them to Mr. B.'s room. Mr. W. introduced me to Mr. B. and we were seated.

“Mr. W. immediately stated to Mr. B. that there was a difficulty in relation to the discrepancy in the amount of work done and the payments made on account of the Graham bridge, and that he desired to give Mr. B. an opportunity (if he could) of explaining the matter then privately before a mutual friend, who he supposed Mr. Palmer to be, before any publicity should be given to the matter.

“Mr. W. at the same time exhibited some books, in which (as I

supposed from the conversation) was entered the amount of estimates and payments on the railroad. Mr. W. first asked Mr. B. if he could show him or explain to him how or where certain materials to the amount of two or three thousand dollars delivered by and paid for to a former contractor, had been charged to Carnahan, a subsequent contractor.

"Mr. B. took the books, and after a cursory examination, said he did not see that the materials had been charged to Carnahan, and supposed it had been omitted or overlooked.

"Mr. W. then stated to Mr. B., that according to a correct estimate upon the measurement of the masonry of the Graham bridge, it was ascertained that the work had been paid for upon estimates greatly over the real amount of work done—that the over-payment, including the materials omitted to be charged, amounted to about 13,000 dollars. Mr. W. handed to Mr. B. a paper purporting to be an estimate of said bridge recently made, and asked Mr. B. if he could explain or account for the discrepancy.

"Mr. B. took the paper, and after looking slightly over it, said that he believed the former estimates were correct, and the present one erroneous—that if there was error in the former estimates that it was the fault, or as much the fault, of the assistants as himself—that the diagram was furnished by Mr. Patterson, and that the assistants aided in making up the estimates. Mr. W. replied that the estimate he held in his hand was made from the same diagram that Mr. B. had made the estimates from, upon which the payments were made to Carnahan, and that the amount of work done was less than the amount paid for, to the amount of 13,000 dollars, as before stated. Mr. W. also stated that Mr. Patterson was not present when the estimates were made to Carnahan, to which Mr. B. then assented.

"Mr. W. then asked Mr. B. to explain the matter, or state, if he could, how this error and over-payments to Carnahan occurred. Mr. B. said he believed there was more masonry than the late estimate made, and that he would, so soon as convenient, make the calculations, and if his former estimates to Carnahan were wrong, he would say so.

"Mr. W. then went into conversation at some length upon the nature and consequences of the transaction, stating the large amount of money that would be lost to the State, the sacred obligation that rested upon engineers—that the State required neither bond nor oath of them—that their honor and high standing heretofore had secured public confidence—that transactions of this sort would uproot all confidence in the profession.

He also suggested that he Mr. B. could not have been ignorant that he had been (by rumor) accused of secret partnership with contractors, and of participating in the payments made on his estimates, and inquired why he had not called for an investigation; to which Mr. B. replied, that if he was to pay attention to all the rumors that were afoot in relation to the various contracts on the line, he would have no time for anything else.

Mr. W. asked Mr. B. if he had not had moneyed transactions with a Mr. Lefever, to which Mr. B. responded, that he had not, unless perhaps some small amounts had been borrowed back and forth between them, but which if any, had all been paid off.

Mr. W. stated that Lefever had said to him that Mr. B. had got money of him at two several times to the amount of about \$1,000, and he now desired Mr. B. to say whether it was true or not, for Lefever was in the service and if he would falsify and conduct in this way, he ought to be dismissed. Mr. B. again denied having any moneyed transaction with Lefever, other than as before stated, and charged that the statement of Lefever was untrue.

Mr. W. then inquired of Mr. B. whether he had had any money transactions with Carnahan, to which Mr. B. answered in the negative.

At this stage of the interview we rose with a view of leaving the room, when Mr. W. again stated that he had felt it his duty to give Mr. B. an opportunity to explain the difficulty in private, and that he had hoped that Mr. B. would have been able to give a satisfactory explanation, to which Mr. B. made no reply. Mr. B. appeared to be restless, and was very taciturn during the whole interview.

Convinced from this interview of his guilt, I went directly to the Mayor's office and made the necessary affidavit, which had been written the night before by Mr. Bright, and to give time for the officers to reach the depot, I sent a positive but secret order to the conductor to delay starting until further orders, without assigning any reason. After delaying the cars near an hour beyond the time of starting, to the great annoyance of the passengers, (to whom of course the reason for the delay was not given) the officers reached the depot and arrested Beckwith and the two contractors before named. The trial before the Mayor resulted in requiring bail for Beckwith's appearance at court in the sum of \$500. This was on the 27th June. Since the day of this trial I have never seen Beckwith, nor have I ever received from him any message on any subject verbal or written, nor have I ever been able to ascertain to what part of the country he fled, or whether he is now living or dead. I have been thus particular in stating all the details of this transaction because it is one of very extraordinary occurrence, and produced in the community a most thrilling excitement. From what I then observed and heard, I am confirmed in the belief that the public generally had until this development, no suspicions as to the honesty of Mr. Beckwith. It is my belief that the shock produced on all in that community, was as great as could have been caused by the arrest (on a similar charge) of any other resident engineer, or of the most respectable citizen.

Gov. Noble was in Madison at the time of the arrest and trial, and with him I advised in relation to the proceedings.

I have stated that Beckwith was virtually dismissed about the last of April, 1839, which was one year and seven months after I first took a general charge of the road. I did not advise his dismissal earlier for

the reasons—First, that previous to that time I had no reason to suspect him of dishonesty. The only charges made against him, as will be seen from the testimony of Messrs. Bright, Marshall, and other citizens of Madison, were those preferred by Mr. Hendricks, and these were principally for *too low monthly estimates*—a complaint which is so common amongst contractors, especially when their work is in a rough and ill-shapen condition, and which is so sure to be corrected in the final estimate, that it excites very little attention. There is probably no line in the State on which complaints of low estimates have not been made against the Engineer; though there were none, it is true, that were pressed with so much earnestness, or with such appearances of a persecuting spirit, as those made by Mr. Hendricks. In truth, it may be said that complaints of too small estimates are rather calculated to prevent any suspicions of corruption on the part of the Engineer. If an Engineer is without principle, and is disposed to profit by his station, or to make himself popular with the contractors, we would naturally suppose that he would make liberal, rather than scanty estimates. It will be seen, therefore, that although Beckwith was proved afterwards to have been dishonest, yet up to the spring of 1839, there was nothing calculated to excite the suspicion that he was wronging the State, nor was any such suspicion expressed by any one, so far as my knowledge extends. The nature of the charges made by Mr. Hendricks, (and he was the only one asking his removal,) as well as the temper in which they were made, were well calculated to prevent any such suspicion.

I did not consider it my duty to advise his dismissal for the reason—Secondly, That the charge of withholding estimates from Mr. Hendricks, further than might readily occur unintentionally, considering the character of the work, was not proved. Although I could not find time myself to measure Mr. Hendricks' section, yet, T. A. Morris was twice sent to that line for that purpose, once in July, 1838 and once in December of the same year. His estimates, as reported to me and to the board, disclosed no essential error in those of Beckwith, nor did Mr. Morris see any reason, as he has stated, to suspect Mr. Beckwith of any wrong intention. If an engineer should be guilty of attempting to oppress or injure a contractor, by wilfully withholding what was due, this would be sufficient ground for his removal, but this, though charged by Mr. Hendricks against Beckwith was not proved, or at least, no sufficient evidence of it came to my knowledge. No doubt Mr. Hendricks supposed this to be the fact, but the estimates of Mr. Morris, a disinterested person, entirely competent to measure the work, was the best evidence.

I did not advise his dismissal prior to the spring of 1839 for the reason—Thirdly, That his conduct was twice investigated by the board of internal improvement, once in June 1838 and once in January 1839, only a few months before he was dismissed, and was at each time unanimously acquitted by the judgment of the board, after hearing all the charges, and the proof which Mr. Hendricks thought proper to alledge. The testimony of Alex'r. F. Morrison and James

Morrison will shew that his acquittal was in no way the result of any influence from me; further than the just weight of my testimony. And here it might be inquired, why is the whole responsibility of retaining Beckwith placed upon me, when the weight of the decision of the board was twice given in his favor, after hearing all the charges and evidence which was ever submitted to me? The appointment of resident engineer was a power exercised jointly by the board and myself. I never appointed or removed one without the concurrence of the acting commissioner on the line. Had I suspected him of dishonesty, I should of course have promptly dismissed him.

I did not advise his dismissal sooner for the reason—Fourthly, That so far as I could learn, the public sentiment on the line, and at Madison, during the year 1838; was in favor of his continuance, with very few exceptions. The influential business men at Madison, so far as they expressed any wish upon the subject, were generally in his favor, some of whom, as late as March 1839, expressed a strong wish for his continuance, stating that they believed him to have been persecuted by Mr. Hendricks. The expression given by the two representatives from Jefferson county before the board, in January 1839, was considered sufficient evidence of public sentiment in that vicinity.

I will remark here, that my acquaintance with Beckwith was only an official acquaintance. With his personal character I had no other means of becoming acquainted than what was afforded by a visit to his line, four or five times a year.

J. L. WILLIAMS.

Question No. 3.

State what you know, if any thing, about any fund or canal commissioner speculating in Gallipolis paper, or any other uncurrent paper, or in treasury notes.

Answer.

In regard to the commissioners and engineers, other than myself, I have no knowledge of any such speculations having been made by any one. In regard to myself, I can state that, during the nine years of my public service, up to this time, I have never purchased any estimate of any contractor, or any claim of any laborer, that I now recollect; have never had any thing to do with Gallipolis paper, or other uncurrent money, further than a small sum received for my salary during the years 1839–40, which I paid out for my current expenses; have never speculated in any way in treasury notes, so far as I recollect, nor have I at any time derived any benefit by any of these means in any indirect way.

Question No. 4, by Mr. Davis.

State whether you, at any time, have given advise to the board of

internal improvement, by their request, or voluntarily, as to the policy to be pursued in making lettings on the public works. And if so, what was the nature of that advice?

Answer.

The board of internal improvement, being by law solely responsible for their policy in this particular, they could not of course be governed by the advice of any of their agents. So far as I have observed, the board were induced to commence the works in so many different places, more from the urgent solicitations of the people on the lines, through their representatives, than from any other considerations. At the June meeting of the board, in 1838, when the question of advertising the detached lettings of that year was under consideration, I felt it to be my duty to remonstrate against such a policy, as ruinous in its consequences. I explained my views and forebodings to the board while in session. During the winter previous, when the policy of the ensuing year in regard to the lettings was under consideration, I recollect that in my general conversations with members of the board, individually, I expressed the same general views. I think I have never expressed any view favorable to the detached or "patch-work" lettings. At that period, however, being myself only an agent of the board, I felt no official responsibility on the subject, but only a general concern with others, for the public interest.

So far, I have only stated from recollection, the views which I expressed verbally. The two letters which follow, to members of the board, will more fully answer this interrogatory, and I append them as my reply:

Indianapolis, July 5th, 1838.

DEAR SIR—

I had designed having a further and more free conversation with you before you left this, some few days since, on the all important subjects connected with the progress of our public works, but did not find time.

In common with yourself and several other members of the board, I cannot but regret most deeply, the departure from the original policy of the friends of internal improvement, which has been gradually brought about, and which is carried out by the late advertisement for lettings on the several works. This order for contracts not only provides for carrying on all the works at once, but it goes further than this, and on some of them seems almost to countenance the idea of constructing every part of every work at the same time. This scattered operation was never contemplated by the original projectors and advocates of a general system of internal improvements. A reference to the writings of that day will prove this. Nor did the idea of letting detached portions of the works in the middle of a line, receive any countenance in the first report of the board. For, al-

though the first lettings at this place and at Terre Haute, are thus situated, yet the board refer to these two lettings as deviations from their general policy, for which they give some special reasons. As to their general policy, they distinctly avow their intention "to put such portions under contract as in their opinion would be soonest productive to the State, and at distances so remote as not to interfere with one another in the price of provisions and labor; and further, that the same when completed, should be useful and available works, in case war or some other contingency should arise to suspend further operations."

The late order for lettings, goes also to scatter the funds much beyond what was contemplated by the present executive, in his inaugural address. In describing the plan of operations which he recommends, he says, "it is to concentrate the means of the State on portions of each work at the same time, commencing at the most profitable and commercial points, to be designated by the legislature, or the board of internal improvement; to complete those portions, respectively, before others are touched, and as soon as completed, put them into use, in order that the State may be realizing something from them while in the act of finishing the remainder." The late executive, likewise, (Gov. Noble) in the view taken of this subject in his last annual message, (which it has always appeared to me was too hastily rejected by the supporters of the improvements,) advocated a concentration of the operations, in still stronger terms.

The plan of operation which I am opposing cannot be approved by the sober judgment of reflecting men. The evils resulting from it are too obvious to need recital. Instead of carrying on the improvements with a view to the earliest receipt of tolls, which certainly was the original design, it is expending the funds in some instances so that neither revenue to the State nor any lasting benefit to the people can be derived, until the whole work can be completed. Of course I am not objecting to those detached lettings which are sometimes necessary for the purpose of embracing the heaviest jobs, or to obtain feeders required for the navigation of any particular division.

But the cause which produced this change of policy may be inquired for. If permitted to assign a reason, I should attribute the evil chiefly to that unfortunate feature in the original improvement law, which, as it has been construed, seems to constitute each member of the board a representative of the particular work on which he may be located. The citizens residing along the several lines, in the middle as well as near the termination, very naturally desire a commencement of the work in their vicinity; they urge their views upon the attention of their commissioner, and considering him, in some respects at least, as their representative in the board, expect him to carry out their wishes.

If I am correct as to the leading cause of the error, the remedy against its repetition is obvious. Let this representative feature be

stricken out of the law, and the board placed upon more independent ground, and made in fact, as well as in name, a *State Board*.

The many important questions growing out of the construction and future management of the public works, will make the station of a member of this board, one of the most responsible and important in the State. Much of good or evil to the State must at all times depend upon their action. To guard properly, the public weal against the influence of sectional and neighborhood interests, will require that the board be placed upon high and independent ground. At the same time that the board is held to a proper accountability to the Legislature, it should be so constituted that it may act regardless of neighborhood excitements when the interests of the State require it. Such are the respective boards of Ohio, New York and Pennsylvania, by whom the public works of these States have been so successfully conducted. And it was such a board, I am sure, that was had in view by the original advocates of the improvement system in this State. I know of no State where the representative principle is adhered to in the organization of their board of public works, excepting Indiana and Illinois.

You will observe that this suggestion does not necessarily involve a re-organization of the board. If the law were changed the board would stand in a different attitude, and would doubtless pursue a policy quite different. I cannot be mistaken in supposing that the unbiased judgment of every member would lead him to act as you have always acted in favor of concentrating the operations.

It has been suggested that the interior counties would demand a continuation of this policy of making detached lettings—that they would claim an immediate participation in the advantages resulting from the expenditure of the money &c. I trust this is not the case. There is a degree of eagerness in the public mind to every great object accomplished at once, which must be restrained or the public interest will suffer.

From a careful investigation of this whole subject, taking the improvements as they are, and looking to the future as well as the present, two prominent measures of State policy present themselves as essential at this time, as well to the maintenance of the credit of the State abroad, as to inspire confidence at home. The first of these has already been brought to view in the foregoing remarks: It is to direct the energies and the means of the State for some time to come, chiefly to connecting and bringing into use the several portions of each work which have been commenced, and to extending further into the interior, those which will be most profitable, and which are more immediately required by the actual business and intercourse of the country. This policy I have no doubt your board are ready to adopt and adhere to, if relieved from their local responsibilities, growing out of their representative character. The other measure alluded to is that of making provision for raising, prospectively an annual revenue for Internal Improvement purposes, in addition to that which may be derived

from the works themselves, or from direct taxation. A gradual increase of the stock of the State Bank, so far as it may be increased without bringing upon the State the evils of a redundant circulation, will no doubt present the readiest resource for raising the additional revenue.

With the consummation of these measures and with judicious management of every interest connected with the improvements, the finances of the State may be preserved in a healthful condition, her character sustained and elevated, and the ultimate and entire completion of her great enterprise secured.

Very Respectfully,

J. L. WILLIAMS."

J. B. JOHNSON, member of the board Internal Improvement,

"INDIANAPOLIS, Nov. 22, 1838.

COL. T. H. BLAKE:

DEAR SIR—I start to-morrow for Madison, not merely to attend their celebration, but to attend to some business connected with the road. I have kept in view your request to have my report ready to present at an early day. The necessary information from the several lines comes in slowly, I suppose on account of the pressing duties of the residents. I think I shall be able to report during the first week of your session.

I suppose you will draw up an outline of your report before you reach this. I think the friends of the system throughout the State or a majority of them will favor a more connected operation for the future, so far as to finish the more profitable portions of the work first. The successful outcome of the system seems to require this. Would it not be better for the board to take the lead, and indicate that this should be the policy hereafter? I merely throw out the suggestion, and may enlarge upon it in my report. The friends of the improvement in the Legislature and in the board should act together, and whatever changes are necessary should be made by them.

Very truly,

J. L. WILLIAMS."

On motion,

The chairman added Mr. Mitchell to the committee heretofore appointed to superintend the printing of this journal.

Question to L. B. Wilson, by Mr. Davis.

Did you ever see John A. Graham buy or refuse to buy drafts from any of the hands upon any of the public works? In either case state the circumstances.

Answer.

In regard to the purchase of drafts from laborers by John A. Graham, I can state that I believe he never bought one from any of the hands upon the public works. Laborers have applied frequently to him in my presence to sell their drafts, which he invariably refused to purchase.

L. B. WILSON.

On motion,

Having now closed receiving testimony, the committee adjourned to meet in committee room on Tuesday next, January 25th, 1842, at 6 o'clock, P. M.

Attest,

M. M. MILFORD,
Clerk of the Investigating Committee of H. R.

MESSRS. DOWLING & COLE :

Gentlemen—I notice several errors in your printed copy of my testimony; justice to you, however, requires me to say, that on examination they are found almost all to arise from errors of the clerk of the House in copying the manuscript testimony. Those I notice are:

Page 6—the blank in the 13th line should be filled with “Cohens and Josephs.”

Page 6—8th line from bottom, “presented” should be “printed.”

“ 3—13th line from top, “understood” should be “understand.”

“ 10—5th line from bottom, “one sale” should be “on sale.”

“ 14—19th line from bottom, “premium” should be “probably.”

“ 15—7th line from bottom, “\$110,000” should be “\$100,000.”

“ 19—6th line from top, “\$50 00” should be “\$5,000.”

“ 21—11th line from top, “knew” should be “know.”

“ 21—2d line from bottom, “where” should be “when.”

“ 24—17th line from top, “wished” should be “wish.”

“ 24—4th line from bottom, “collected” should be “connected.”

“ 25—10th line from top, “Lenier” should be “Lanier.”

“ 26—12th line from bottom, “departed” should be “dissented.”

“ 27—17th line from bottom, “one board” should be “our board.”

Page 29—12th line from bottom, after “stock” insert “in” before “it.”

“ 33—9th line from top, “be” should be “being.”

“ 34—18th line from top, “expecting to redeem” should be “excepting to redeem.”

“ 38—8th line from top, “is” before “still due” should be omitted.

“ 38—16th line from top, “\$50,000” should be “\$75,000.”

“ 38—18th line from top, “\$34,000” should be “\$3,400.”

“ 38—bottom line, “would” should be “could.”

“ 36—13th line from top, “distressing” should be “depressing.”

“ 36—15th line from top, “every” should be “very.”

“ 40—15th line from bottom, “proposed” should be “prepared.”

“ 44—23d line from top, “\$37,000” should be “\$30,000.”

I. COE.



REPORT

OF THE

SINKING FUND COMMISSIONERS,

TO THE GENERAL ASSEMBLY.

HOUSE OF REPRESENTATIVES, JANUARY 22, 1842.

One hundred copies ordered to be printed.

Hon. J. W. DAVIS,

Speaker of the House of Representatives.

Herewith is an exhibit of the condition of the Sinking Fund and Surplus Revenue, Dec. 9, 1841.

The means consist of———	Stock Loans in branches,	\$213,733 08
Bank Stock Chartered Capital,	- - -	880,000 00
Surplus Revenue Capital,	- - -	439,950 00
Bank Stock of 1839-41, and from School tax, &c.,		30,716 27
Loans of Sinking Fund and Surplus Revenue,		746,858 35
Surplus Fund paid on Bank Stock,	- - -	32,179 51
Cash from Interest and Dividends,	- - -	64,338 73
Cash from Principal of Loans refunded,	-	2,740 00

\$2,410,515 94

There has been paid as follows:

Expenses of Loan, office expenses, transportation of specie, &c.,	-	-	-	-	23,241	24
Interest on State Bonds, Exchange, Commission, &c.,					422,226	30
Paid Fund Commissioners, Dividends and Interest,					164,607	79
Paid Treasurer of State,	-	-	-	-	38,125	01
					<u>\$3,058,716</u>	<u>28</u>

The above sums have been realized as follows:

From State Bonds,	-	-	-	-	\$1,410,000	00
Third and fourth instalments Surplus Revenue,					573,660	11
Saline Fund and School tax, by Treasurer of State,					5,716	27
Premiums, Dividends and Interest,					1,068,990	31
Blanks, damages &c.,	-	-	-	-	349	59
					<u>\$3,058,716</u>	<u>28</u>

Deduct the State bonds, Surplus Revenue, Saline Fund and School tax, in all \$1,989,376 38, from the means on hand, and the sums paid to the Fund Commissioners and Treasurer of State, amounting to \$2,613,248 74, and there remains \$623,872 36 profit to the State by the operations of the Bank and the Sinking Fund. In addition, there is a further sum of \$15,502 60, which by the law of last session, is transferred at once to the Treasurer of State, without being entered on the books of this office.

As yet, the Commissioners have discovered but few cases in the Mortgages under their charge, where the State will sustain losses on its loans of the Sinking Fund and Surplus Revenue. In addition to the probable loss of the interest due on Jeremiah Muncy's Loan, the particulars of which were reported last year, it has since been ascertained that Asher Cox, of Fayette county, fraudulently obtained a loan of \$500, which will be lost. The affidavit of the borrower and certificate of the Recorder, both stated that there was no incumbrance on the mortgaged premises, yet it afterwards appeared that there was an unsatisfied mortgage of record in existence. The Mortgager, Recorder, and his sureties, are said to be insolvent. Alfred E. Teal, a minor of Shelby county, obtained a loan of \$500, which he now refuses to pay: but there are circumstances in the case sufficient, it is believed, to authorize the Court of Equity, which has been applied to, to enforce payment.

In addition to these cases referred to last year, where it was understood there had been an over-valuation of property, it is now supposed that there will be several others where the State will lose more or

less by the high appraisalment put upon property, or its subsequent depreciation. The only new instances however, that have yet been intimated to the Board, are two in Laporte county, two in Marshall, and one in Cass. To ascertain the true value of the mortgaged premises, and to obtain further security where it may be needed and can be had, it was resolved at the last meeting of the Commissioners, that one of their number should personally examine, or satisfy himself beyond dispute, as to the value of each tract of land on which a mortgage has been taken. From the increasing neglect of the regular payment of interest, the importance of being able to give accurate information at sales, and the deep interest which the State now has in these Mortgages, it was deemed advisable to give more attention to this subject hereafter.

Of the tracts that have been advertised for sale since the commencement of operations, seventy-two have failed to sell for want of bidders, and have not since been redeemed. Fourteen of these tracts are in Marshall county, thirteen in Tippecanoe, eleven in Warren, eight in Laporte, five in Fulton, four, each in Cass and Shelby, two, each in Elkhart, Boon and Marion, and one each in Dearborn, Carroll, White, Hamilton, Montgomery, Hendricks and Daviess. One hundred and three additional tracts had not been redeemed when the sale advertised for the 11th inst. was postponed, in compliance with the directions of the Joint Resolution of the Legislature.

There are in Marshall county, several tracts of land mortgaged to the State, which either by the death or absconding of the mortgager, are left unoccupied. The most of these have been personally examined, and found to be ample security for the ultimate payment of the amount due the State. As these lands cannot be sold at present, a provision by law appears to be necessary for renting such as are improved, so that they may be made more valuable, or may contribute in part to the payment of taxes and interest.

It is also respectfully suggested to the Legislature whether the Commissioners of the Sinking Fund ought not to be vested with powers to compromise under certain restrictions, or advance more money, or exact a lower rate of interest, where the security is now doubtful, and better security can by that means be had. We are, &c.,

S. MERRILL, PRESIDENT.

R. MORRISON,

G. P. BUELL,

J. WALKER,

W. T. T. JONES,

} *Sinking Fund
Commissioners.*

The compensation to the Commissioners of the Sinking Fund has been as follows:

For per diem services during sessions, averaging about twelve days a year—\$2 00 a day.

For examining titles, approving mortgages, and superintending pay-

ments of interest until the expiration of the loans—one per cent. on the sum loaned.

The only compensation yet received by the President, is one-half per cent. on the loans he has superintended.

The Clerk receives \$200 a year, and the Assistant Clerk, \$800 a year.
S. MERRILL.

Statement of the condition of the Sinking Fund of the State of Indiana on December 9, 1841.

MEANS.

Stock in the State Bank of Indiana, under the charter,	\$880,000	00	
Stock in the State Bank from Surplus Revenue,	439,950	00	
Stock in the State Bank, under law of 1839,	20,000	00	
Stock in the State Bank, under law of 1841,	5,000	00	
Stock in the State Bank from Saline Fund,	4,924	20	
Stock in the State Bank from Bank Tax Fund,	792	07	\$1,350,666 27
Surplus Fund in the Bank from Surplus Revenue,	30,479	51	
Surplus Fund in the Bank, under law of 1839,	1,200	00	
Surplus Fund in the Bank, under law of 1841,	500	00	32,179 51
Mortgage loans for Bank stock,	213,733	08	
Current loans transferred from Surplus Revenue,	172,218	62	
Current loans,	456,369	12	
Surplus Revenue loans,	114,532	86	
Loans,	3,737	75	960,591 43
Indianapolis Branch,	7,986	59	
Lawrenceburgh "	4,026	44	
Richmond "	4,920	61	
New Albany "	3,609	70	
Madison "	7,597	38	
Evansville "	3,183	71	
Vincennes "	3,600	75	
Bedford "	3,442	53	
Terre Haute "	5,093	64	
Lafayette "	3,792	32	
Fort Wayne "	5,846	87	
Michigan City "	148	30	
Samuel Merrill, Commissioner,	904	55	
Robert Morrison, Commissioner,	1,369	32	
Jacob Walker, Commissioner,	264	25	55,786 96
Cash from principal repaid for Bank stock,	2,740	00	
Cash from interest, &c.,	8,551	77	11,291 77

DISBURSEMENTS.

Interest on State Bonds, under the charter,	\$403,759	13	
Interest and premium,	17,530	62	
Interest on State Bonds of 1839,	589	05	\$421,878 80
Treasurer of State, under law of January 29, 1841,	9,463	50	
Treasurer of State, under law of February 6, 1841,	28,661	51	38,125 01
Fund Commissioners, on account of Surplus Revenue,	162,648	79	
Fund Commissioners, on account of loan of 1839,	1,959	00	164,607 79
Commission on payment of interest	347	50	
Expense of State loans,	4,799	14	
Specie transportation for Bank stock,	2,100	69	
Specie transportation for Surplus Revenue stock,	1,290	46	
Current expense, rent, &c.,	9,951	78	
Current expense, Surplus Revenue,	4,949	17	
Advances on accounts,	150	00	23,588 74
			<u>\$3,058,716 28</u>

LIABILITIES.

State bonds, under the charter, for capital,	\$1,390,000	00	
State bonds of 1839,	20,000	00	1,410,000 00
Treasurer of State, by Surplus Revenue,			573,660 11
“ “ for Bank stock:			
From Saline Fund,	4,924	20	
From Bank Tax Fund,	792	07	5,716 27
South Bend Branch,	4	00	
Canal Fund Commissioners,	28	92	32 92

OTHER SOURCES OF RECEIPT.

Dividend on Bank stock, under the charter,	572,110	96	
Dividend on Bank stock of 1839,	5,253	66	
“ “ “ on Surplus Revenue Bank Stock,	98,164	65	675,529 27

Interest from mortgage loans for Bank stock,	80,335 21	
Interest from current loans,	173,021 40	
“ “ Surplus Revenue loans,	110,607 51	363,964 12
Premium on State bonds,		29,496 92
Damages on forfeited current loans,	110 00	.
“ “ Surplus Rev. loans,	90 00	200 00
Blank Mortgages,		116 67
		<hr/>
		<u>\$3,058,716 28</u>

JAMES M. RAY, *Clerk.*



REPORT

BY MR. HENLEY,

FROM THE

COMMITTEE ON WAYS AND MEANS.

JANUARY 25, 1842.

Two thousand copies ordered to be printed for the use of the House.

MR. SPEAKER—

The committee of Ways and Means, whose duty it is to examine the state of the finances, present and prospective—to examine the offices of Auditor and Treasurer, and the situation and condition of the Treasury, Report:

That they have examined all that pertains to the fidelity and faithfulness of the officers in those departments of the government, as well as the condition of the offices, and find that the various duties devolving upon these officers, so far as it is in the power of the committee to know, have been faithfully and diligently performed.

The committee in the discharge of the duties assigned them, find themselves peculiarly situated. The country is involved in a debt of \$13,261,378, which has been contracted for internal improvement

purposes, (and including the Bank loan made with the Morris Canal and Banking Company,) and for the liquidation of interest. For the discharge of this immense debt, and the interest thereon, your committee have not (with but trifling exceptions,) been able to ascertain any means within the control of the State immediately available, and but little in prospect, but a resort to direct taxation. This the committee feel well assured, in the present pecuniary condition of the country, would meet the decided disapprobation of the people.

For it will be recollected, that in the inception and during the progress of the system of 1836, all the information given to the people in relation to that subject, was based upon wild and visionary opinions, mistaken ideas, and false theories. The recommendations of the Executives of the State, who advised and influenced the adoption of the system; the reports of Engineers, who surveyed and estimated the various works, and the reports of the committees of both branches of the legislature, in regard to their cost of construction, were alike visionary and deceptive.

And the people in supporting the system, so far as it ever received their sanction, were induced to do so, by erroneous representations and false reports; and it is not reasonable to suppose, that, while then acting under the influence of these false and deceptive representations, (which then presented all as fair and safe) they never intended, and in the opinion of the committee they will not now consent to the imposition of a tax so far beyond the amount ever anticipated by them; and so far too, beyond the amount which many of our public men stand solemnly pledged to the country that it should not exceed. It would therefore, be both unnecessary and unjust to levy a tax at this time sufficient to meet the interest on the internal improvement loans. Unnecessary, because in the present condition of the country, it could not be paid—and unjust, because to its present enormous extent, it has never received either the positive or implied sanction of the people. It is not at all surprising, that the imposing arguments, representations and assertions, in favor of this scheme, coming as they did from persons of high character and standing; persons, in whom the people have been taught to repose the utmost confidence, should have produced the disastrous effects, now so much to be deplored. The people, honest themselves, and unsuspecting of others, especially those, whose duty it was to act as their guardians and protectors, have fallen a prey to the avarice of the wiley speculator, the ignorance and heartlessness of the demagogue, and the timidity of the political temporiser.

The committee, then, acting under this view of the subject, have made no levy to pay any portion of the interest on the internal improvement loans. This alternative has not been decided upon, without due deliberation and reflection, with regard to all its consequences. When the question was presented to the committee in its true light, and narrowed down to the simple alternative of intolerable oppression upon the people, or a neglect to pay the interest upon a debt, which never received their sanction, but one opinion could be

arrived at. The people must be protected. Onerous taxation cannot be tolerated and liberty preserved. To submit to oppressive taxation would be to become slaves by our own consent, because in all countries, whether despotic or republican, it is by taxation alone, that the people can be oppressed; and just in proportion to the amount of taxation are the liberties of the people graduated.

To have imposed a tax sufficient to pay the interest on the public debt, would place burdens upon our citizens equal to those imposed upon the serfs of Russia, and place them upon an equality with the peasantry of England or France. Of this the people are well aware, and under no circumstances, will they consent to such unreasonable and oppressive levy. Former legislatures too, seem to have been fully sensible of the utter impossibility of compelling the people to submit to excessive burthens.

For even in the hey-day of the system, and while its friends were in the zenith of their power and strength, they never *dared* to levy a tax to meet the interest on the internal improvement loans. And they took special pains too, by reports, speeches and declarations, on all occasions, to assure the people that they should not be taxed beyond a reasonable amount.

The committee have deemed it their duty to levy, and they believe the people will cheerfully pay a tax, sufficient to meet all the necessary expenditures of the State government and gradually to absorb the outstanding treasury notes.

The levy for the ensuing year, for the purposes mentioned, is as high as will be required in any succeeding year, unless a subsequent legislature should determine to provide means by taxation for the payment of interest.

Twenty cents then, upon each \$100 of valuation may be considered the maximum of taxation, unless a different policy shall be adopted.

The committee would urge upon the legislature the importance of making a levy sufficient to sustain the credit, and keep in circulation the treasury notes issued to pay contractors on the public works. Those notes are in circulation; they are in the hands of the people, and to allow them to depreciate, would create a greater loss, and impose a heavier burthen upon the people than the tax which is intended to sustain their credit. It is not probable that there will be any means for the redemption of the notes in question, other than taxation, and to postpone it would increase the debt and depreciate the paper.

The committee have been somewhat particular in regard to the amount of taxes which it will be necessary to levy, that the idea of onerous taxation may be removed from the minds of the people.— Nothing can operate so injuriously to any country, as the belief that its citizens are liable to be oppressed by taxation.

Indiana is yet in her infancy, she has many millions of acres of unoccupied lands, and by the impression which has gone out to the world, that a heavy debt was suspended over us, and high taxes the inevitable consequence, our citizens have been discouraged and

their buoyant spirits borne down, and the tide of emigration, so essential to our prosperity, has been turned from our borders. Let us then remove this incubus which hangs so heavily upon our interests, that our people may again assume their wonted alacrity and cheerfulness, and the spring tide of emigration be again caused to set in full current upon the fertile soil of Indiana.

Circumstances growing out of the mode of conducting our public works, and the finances of the State, have destroyed our credit and depreciated our stocks in the market to a mere nominal value, and if the State had means even to a limited extent compared with the actual amount of her debt, she could be easily relieved of all her burthens, for there could be no impropriety in purchasing her bonds at their market value. Those stocks having been principally disposed of in Europe, are now being returned to this country, to be sold for whatever price they will bring in the market; the holders are desirous to part with them at those rates, and Indiana, by an agent could easily become the purchaser. The committee see no good objection to this policy on the part of the State. The people will be restless and dissatisfied so long as this debt hangs over them, and it is the duty of the legislature, by every means in its power, to endeavor to remove the embarrassment.

Our bonds, it is believed, from the rapid depreciation of State stocks during the past year, will in a short period be down as low as ten cents on the dollar. Now suppose our debt to be \$13,000,000, it would require a fund of \$1,300,000, to redeem all our outstanding bonds, and release our citizens from all the apprehensions of State insolvency and oppressive taxation. But are there any means within the reach of the State that may be applied to this purpose?

The committee believe, that bad as is our acknowledged condition, there are yet some resources that may be made available for the consummation of this desirable object. The securities taken on account of the suspended debt will at the most be sufficient to redeem the bonds sold on that account, and should they be disposed of in that manner, it would save the necessity of repudiation, a word that sounds harshly upon the ear, and an act that would add nothing to the character of a sovereign State.

The proceeds of the sales of the Wabash and Erie canal lands east of the mouth of Tippecanoe river, amounting to \$642,235 94, are prospectively available for any purpose the legislature may direct.— This sum would purchase \$6,420,000 of our bonds, which, with the amount of bonds to be liquidated by the suspended debt, would leave outstanding only \$3,136,000.

A bill has passed the present session of the legislature, providing for disposing of the public works to companies in exchange for the bonds of the State. Some of the works will doubtless be taken and completed under the provisions of this bill, and by this operation the remaining portion of our public debt may be absorbed.

There are other means, not now necessary to enumerate, which may, at a future day, be made available to sustain this operation, and

to make good any untoward contingency which may result in the realization of the foregoing anticipations.

From the above resources, (although not now immediately at our command) the State could avail herself of abundant means to purchase at their market value all her internal improvement bonds. This is an object so desirable and of so much importance to the prosperity and welfare of the State, that the committee cannot urge it too strongly upon the consideration of the legislature and the people.

Statement No. 1, is an exhibit of the receipts and expenditures of the State Treasury, together with the cash in the Treasury, from 1st January, 1841, to 1st of January, 1842, the latter excluded.

By this it will be seen that the whole amount of cash on hand and receipts amounted to,	- - - - -	\$443,317 06
That the expenditures during the same period amounted to,	- - - - -	381,391 44
Leaving in the Treasury as cash on hand, the 1st of January, 1842,	- - - - -	<u>\$61,923 62</u>

Statement No. 2, is an estimate of the means of the Treasury, and the demands upon the same for the civil list or ordinary expenditures of 1842.

By this it will be seen that the cash on hand the 1st of January, 1842, amounts to,	- - - - -	\$61,923 62
That the amount estimated to be realised from the revenue of 1841, after all deductions for delinquencies and per centage for collection,	- - - - -	400,000 00
Making total of receipts and cash on hand,	- - - - -	\$461,923 62
The estimated expenditures of every kind at Treasury, it will be seen amount to,	- - - - -	305,682 24
Leaving in the Treasury at the close of 1842,	- - - - -	<u>\$161,923 62</u>

No. 3, is a table showing the condition of the Treasury at the close of 1843, on the supposition that there will be no balance in the Treasury at the close of 1842, other than treasury notes: and that the tax will be reduced to twenty cents on the one hundred dollars of valuation, and fifty cents on the poll.

By which it will be seen that there will be realised upon polls and assessments, at 20 cents tax on the one hundred dollars valuation and fifty cents from poll tax, \$203,550 00; and the expenses for civil list, \$100,000 00; and to be applicable to the redemption of treasury notes and interest, \$100,000 00—leaving at the close of 1843, \$3,550 00.

Statement No. 4, exhibits the whole amount of the public debt, of every kind, including as well those amounts the interest of which is provided for as such, for which no payment of interest is provided.

By this statement it appears that our whole indebtedness amounted on the 1st of January, 1842, to,	\$16,858,123 00
From this it will be seen are deducted such sums as the State is paying no interest for, and such as the interest is provided for, amounting to,	3,406,844 25

Leaving the amount on which the State is liable to pay an annual interest of,	\$13,261,278 75
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Statement No. 5, shows the amount of annual interest to be paid at the Treasury annually on the public debt, and the means to meet it.

This it will be seen amounts to,	\$749,123 00
From this should be deducted the means provided for other than by taxation,	136,727 69

Showing a deficit of,	\$612,395 31
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For which deficit no means are provided by law, and if met at all, must be provided by direct taxation.

Statement No. 6, shows the amount of the suspended debt* due to Indiana, for bonds sold, hypothecated and parted with.

This amounts to,	\$3,705,055 25
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Your committee find by the statement of the fund commissioner, that there has been issued under the act of last General Assembly (chapter 119.) Bonds bearing interest at 7 per cent. which are deposited with the Merchants Bank of New York. In view of the depressed state of our bonds, the committee think that these bonds should be taken up and cancelled, and have accordingly reported a joint resolution to that effect.

In view of the probability that there may be a deficiency in the treasury, (as the expenses of every kind from this until the 1st of March 1843, will have to be borne from the cash on hand, and the amount to be realized from the revenue of 1841,) the committee have inserted a provision in a bill herewith reported, which they deem will amply provide for such a contingency.

The committee herewith report a bill making general appropriations

* The amount of suspended debt, as here given, is as it was reported to me by the fund commissioner; but an error has since been pointed out to me by that officer, which will swell the amount of suspended debt to \$4,169,808 60. The error is corrected in the tables.

for 1842, and a bill making specific appropriations for 1842, the passage of which they recommend.

The committee also report herewith a bill levying a tax for State purposes, and for the gradual redemption of the treasury notes.

This bill provides that the tax on each \$100 valuation of property for 1842, shall be 20 cents, and on each taxable poll 50 cents, for State purposes.

This amount will in the opinion of your committee meet the current expenses of 1843, and leave a surplus of \$100,000 at least, for the redemption of the outstanding treasury notes.

THOMAS J. HENLEY, *Chairman.*

The undersigned, as members of the committee of Ways and Means, in coinciding with the majority of the committee in their recommendations, and conclusions, dissent from the premises laid down by them, and particularly from the strongly expressed assertions that falsehood or deception has been practiced by former executives or legislatures.

The undersigned are not of the opinion that either has been wilfully or intentionally practiced.

They are further of the opinion that the people of Indiana are desirous to, and will eventually pay every dollar of the public debt, which they honestly owe.

JOHN H. BRADLEY,
JOHN S. DAVIS,
SAMUEL GOODENOW.

From borrowers of University fund, -	3,989 04	For Militia fines distributed, -	7 00
“ “ “ as in-		“ Expenses of Saline fund, -	5,307 04
terest on loans, - - -	4,460 56	“ Loans of Saline fund, -	975 00
From purchasers of mortgaged lands sold		“ Mortgaged lands to Saline fund, unsold	
for loans of University funds, - - -	1,044 09	for want of bidders, - - -	579 41
From Com'rs of Saline lands, - - -	455 00	For loans of State University fund, -	1,250 00
“ Borrowers of Saline fund, as loans re-		“ Expenses of University, - - -	6,605 15
funded, - - - - -	1,295 00	“ Mortgaged lands to University fund,	
From borrowers of Saline fund, as interest		unsold, &c., - - - - -	1,095 34
on loans, - - - - -	2,273 64	For mortgaged lands to Treasury fund, un-	
From purchasers of mortgaged lands sold		sold, &c., - - - - -	3,245 65
for loans of Saline fund, - - - - -	826 16	For School moneys refunded, - - -	118 75
From borrowers of Indianapolis fund, (loans		“ Internal Improvements, - - -	121,979 33
refunded,) - - - - -	50 00	“ Treasury Notes burnt and interest on	
From borrowers of Indianapolis fund as in-		Treasury Notes, - - - - -	152,103 34
terest on loans, - - - - -	39 14		
From Fund Commissioners, common school		Total expenditures, - - - - -	381,391 44
fund derived from Bank dividends, -	31,661 51	Add amount in Treasury on 1st Jan. 1842,	61,923 62
From Treasury notes, - - - - -	121,000 00		
On account of Internal Improvement, -	66,192 13		
Total receipts, - - - - -	\$276,756 90		
Add amount in Treasury Jan, 1st, 1841,*	166,558 16		
Total from Jan. 1st, 1841 to Jan. 1st, 1842,	\$443,315 06		\$443,315 06

STATEMENT No. 2.

An estimate of the means of the Treasury, and the demands upon the same, for the civil list, or ordinary expenditures, of 1842.

RECEIPTS.		EXPENDITURES.	
There was remaining in the Treasury on the 1st day of January, 1842, - - -		There will be needed for the ordinary expenditures of 1842, as follows, viz:	
Estimated amount of revenue of 1841, which may be realized in 1842, - - -	\$61,923 62	For public printing, - - -	\$14,000 00
	400,000 00	“ Distributing laws and journals, - -	800 00
		“ Stationary for General Assembly, public offices, and printing, - - -	3,150 00
		For General Assembly, - - -	40,000 00
		“ Executive officers, - - -	6,100 00
		“ Prosecuting Attorneys, - - -	1,700 00
		“ Supreme and Circuit Judges, - - -	15,500 00
		“ Probate Judges, - - -	4,000 00
		“ Adjutant and Quarter-Master Generals, - -	150 00
		“ Expenses of State house, - - -	3,000 00
		“ State Library, including Librarian's salary, - - -	700 00
		For transporting convicts to State Prison, - -	1,800 00
		“ Specific appropriations, - - -	8,000 00
		“ Presidential election of 1840, - - -	100 00
		“ Contingent expenses of Governor, - -	1,000 00
		“ Outstanding salaries on 1st Jan. 1842, - -	12,000 00
		“ Salaries of President and Professors &c., of State University, estimated, - -	5,000 00

For amount due from Treasury to Seminary fund, - - -	8,835 05
For amount due from Treasury to Saline fund, - - -	5,836 94
For amount due to County Seminaries, (conscientious fines, - - -	494 40
For amount due to estates without heirs, -	1,402 35
“ “ “ Marion county Library, (estimated,) - - -	1,300 00
For amount due to common school fund, (loaned to State,) - - -	9,463 50
For amount for redemption of Treasury, say <i>one-tenth</i> of whole issue of \$1,500,000, -	150,000 00
To amount of interest on same to 20th Nov. 1843, (estimated,) - - -	10,000 00
	<hr/>
Amount in the Treasury at the close of 1842, provided the receipts of 1842 are not in Treasury Notes, - - -	305,682 24
	156,241 38
	<hr/>
	\$461,923 62
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STATEMENT No. 3.—FOR 1843.

Showing the condition of the Treasury at the close of 1843, on the supposition that there will be no balance in the Treasury at the close of 1842 other than Treasury Notes, and that the tax on property will be reduced to 20 cents on the \$100 valuation, and the poll tax reduced to 50 cents on the poll.

R E C E I P T S.	E X P E N D I T U R E S.
<p>Estimated receipts from 110,000 polls at 50 cents each, \$55,000 00 Deduct delinquencies say 15 per ct., 3,250 00</p> <hr/> <p>46,750 00</p>	<p>Whole amount estimated for civil list, or ordinary expenditures, is - - \$100,000 00 Amount of Treasury Notes and interest to be redeemed, during 1843, - - 100,000 00 Balance in Treasury at close of 1843, - - 3,550 00</p>
<p>Estimated amount of total value of all taxable property for 1842, including the additional lands brought upon the tax duplicate by the appraisers, and the ad- ditional lands taxable in 1842 for the first time, \$98,000,000, which at 20 cents on the \$100 makes the sum of, - - 196,000 00</p>	
<p>Deduct from this for delinquen- cies and per cent. to Treasur- ers, estimated at 20 per cent., 39,200 00</p> <hr/> <p>156,800 00</p>	
	<hr/> <p>\$203,550 00</p> <hr/>

STATEMENT No. 4.

A statement of the whole amount of State indebtedness for Wabash and Erie Canal, Internal Improvements, Lawrenceburgh and Indianapolis Railroad, State Bank, Surplus Revenue of United States, and Indiana Treasury Notes, viz:

1. For State Bonds sold for general system of Internal Improvements, - - - - -	\$6,892,000 00
2. For Wabash and Erie Canal, - - - - -	1,727,000 00
3. For State Bank for banking purposes, - - - - -	2,390,000 00
4. For Lawrenceburgh Railroad Company, - - - - -	221,000 00
5. For fourth instalment of Surplus Revenue, bonds for which were given to State Bank, - - - - -	294,000 00
6. Due State Bank for advances by several branches to Internal Improvement fund, including \$51,000 interest, up to 1st day of January, 1842, - - - - -	692,000 00
7. For Treasury Notes outstanding, - - - - -	1,353,000 00
8. Estimated interest up to Jan'y 1st, 1842, (Treasury Notes,) - - - - -	160,000 00
9. For first and second instalments of Surplus Revenue loaned in the respective counties, (the interest of which is applicable to common schools,) - - - - -	588,000 00
10. For third instalment of Surplus Revenue in hands of Sinking Fund Commissioners, (the interest of which is applicable to payment of interest on State bonds,) - - - - -	294,000 00
11. For bonds parted with during 1841, being the amount heretofore hypothecated and sold, and not entered on the books, according to General Stapp's report, - - - - -	1,358,000 00
12. For interest due and unpaid on State bonds and Treasury Notes, to 1st January, 1842, viz: on \$13,261,378 75, - - - - -	589,123 0

Making total amount of State indebtedness other than for the ordinary expenses, up to 1st of Jan., 1842, 16,858,123 00

A portion of the foregoing indebtedness may be considered nominal, viz, No. 9 and 10, and in order to ascertain the amount of indebtedness for which interest is to be paid, the following amounts should be deducted, viz:

1. (No. 9, as above,) first and second instalments Surplus Revenue of U. States loaned to counties, on which the State pays no interest, - - - - -	\$588,000 00
2. (No. 10,) The third instalment of Surplus Revenue, - - - - -	294,000 00

3. (No. 8,) Estimated amount of interest on Treasury Notes, - - -	160,000 00
4. (No. 12,) Interest on State bonds up to 1st of January, 1842, - - -	589,123 00
5. (No. 6,) Interest on advances by State Bank, - - - - -	52,000 00
6. (No. 3,) So much of the State Bank loan as is received, - - -	1,410,000 00
7. (No. 4,) Lawrenceburgh Railroad Co.,	221,000 00
8. Deduct amount received on hypothe- cated bonds of J. S. Hunt & Co.,	92,721 25
	<hr/> 3,406,844 25

Leaving the amount of State indebtedness and for
which the State is paying an annual interest, \$13,261,378 75

STATEMENT No. 5.

A statement of the amount of interest to be paid at the Treasury annually, on the public debt.

1. On \$1,353,000 Treasury Notes at 6 per cent.; this amount however will be annually diminishing as the notes are redeemed for taxes, - - - -	\$81,180 00
2. On \$11,908,378 75 5 per cent. bonds, (except \$100,- 000 which are at 6 per cent.), - - - -	667,943 00
	<hr/> \$749,123 00

The annual means of the Treasury set apart for the
payment of interest of public debt, may be estimated
as follows, viz:

1. Interest on Canal lands, (annually,) - - - -	25,000 00
2. Final and partial payments on first and second se- lections of Canal lands, estimated for 1842 at - -	30,000 00
3. Sales of lands (east of Tippecanoe) second selections,	10,000 00
4. Balances in toll collector's hands, Nov. 1st, 1841,	2,742 32
5. Water rents due Nov. 1841, - - - -	5,719 79
6. Interest on loans of 3d instalment Surplus Revenue in hands of Sinking Fund Commissioners, - -	24,000 00
7. Water rents for the year 1842, - - - -	9,265 58
8. Tolls from public works after contingencies of col- lection, - - - - -	30,000 00

Total of estimated means, - - - - \$136,727 69

Under the Revenue law of last year 30 cents on the valuation of each \$100 of taxable property was set apart for Internal Improvement purposes; but this fund will doubtless be paid in Treasury Notes and cannot be so applied, so that the committee have not thought it proper to place any part of the Revenue as means to meet interest on public debt.

RECAPITULATION.

Annual liability for interest as above is,	-	-	\$749,123 00
The means provided to meet this debt amount to			136,727 69
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Leaving a deficit in the means to meet the annual interest on the public debt of	-	-	-
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STATEMENT No. 6.

A statement of the Suspended Debt due to the State of Indiana for bonds sold, hypothecated and parted with by our Fund Commissioners up to 1st of January, 1842.

1. The amount of suspended debt on account of bonds sold for Banking and Sinking fund purposes, is	\$958,041 00
2. Amount sold and suspended on account of Wabash and Erie Canal, - - - - -	152,275 80
3. Amount sold and suspended on account of Internal Improvement fund, - - - - -	1,804,213 55
4. The amount hypothecated and sold in addition, according to Gen. Stapp's report, but not yet brought on the books of Fund Commissioners, is	1,358,000 00
Deduct from this amount borrowed from J. S. Hunt & Co., - - - - -	92,721 25
Leaving a balance to be added to the suspended debt of - - - - -	<u>1,255,278 25</u>
Making total amount of suspended debt of - - -	<u>\$4,169,808 60</u>

NOTE.—There are now in the Merchant's Bank of New York \$100,000 of 7 per cent. State bonds deposited there for the purpose of being exchanged for interest on State bonds, which bonds were issued under act of last General Assembly, chapter 119, and which are subject to the action of the present General Assembly.



REPORT

Of Mr. RITCHEY, from the committee

ON EDUCATION,

IN RELATION TO ESTABLISHING A LUNATIC ASYLUM.

JANUARY 25, 1842.

Five hundred copies ordered to be printed for the use of the House.

MR. SPEAKER:—

The committee on Education to whom was referred a resolution of this House, and also, a communication from Drs. John Evans and Isaac Fisher, of the county of Fountain, on the subject of establishing a Lunatic Asylum, have had the subject under serious consideration and directed me to report:

That in the opinion of the committee, the subject is one of great importance, and well deserving legislative attention. The number of individuals laboring under mental derangement within the State of Indiana, is shown to be very considerable, by the returns of the late census. That number will doubtless increase with the increase of population. As cities and towns increase in size and number, and as the

population of the country becomes more dense, the causes which produce insanity in all its varied forms, will be evidently increased in force and efficiency. The wretched condition in which many of this class are confined, is sufficient to excite the strongest sympathies of the benevolent heart, wherever that condition is known. Many are *imprisoned for life* without the commission of crime, in some filthy cellar or out house, without ever being permitted to breathe the pure air which should be free to every human being, without the privilege of beholding the light of the sun, or looking upon the face of nature when robed in her native loveliness, except through some hole or crevice in their loathsome cell or hovel, deserted by those whom nature and nature's God designed to be their guardians; denied the pleasure of beholding the face of a *friend*; and deprived of all social enjoyments. Others are permitted to run at large, and roam over the whole country, often in a state of almost entire nudity, destitute of proper food, and exposed to the inclemency of the season and the storm. Such is but a faint and imperfect sketch of the condition of many of our race; many too of no mean origin; many, once renowned for the brilliancy of their intellect and high moral worth. Such cases, such suffering and deprivation, should call forth all the generous feelings of our nature, all the sympathies of *true* philanthropy, all the charities of pure religion.

To be deprived of *reason* is enough, but to be deprived of proper food and clothing, of the light of Heaven and the balmy breeze, of the attention of friends and all social enjoyment, and imprisoned in a human sty, is absolutely intolerable. To be deprived both, of all, is inconceivably deplorable, and should arouse within us such feelings of benevolence, as show themselves in energetic action, rather than in empty expression. An inquiry may here be presented, cannot those unfortunate beings, who have been deprived of reason, be as well taken care of, and as successfully treated, by physicians in the families of their friends or relatives as in an asylum established exclusively for the lunatic? The answer is obvious, *they cannot*. A moment's reflection will convince any one, that in perhaps a majority of cases, insanity occurs in the humbler walks of life, and among the poorer class of community. In such cases it is known that the friends of the unfortunate lunatic *cannot* provide such apartments and other things necessary to the comfort and safety of the insane, as are requisite in the management and treatment of such cases. In such cases it is impossible for the most skilful physician to pursue such a course of practice as is necessary to cure diseases of the mind, even in cases which occur in the more wealthy portion of community, and where comfortable quarters can be provided, the long duration of such cases prevents that careful, steady and persevering medical and moral treatment which alone is found successful in cases of insanity. The friends and relatives are unable to employ a physician who will attend *constantly* for such a length of time as is generally necessary to effect a cure; the expense of employing the services of a skilful physician for so long a time, and such constant attention, is such as but few families

are *able* to meet, and perhaps fewer *willing* to bear. The physician, by no means destitute of charity, humanity or benevolence, is unable to render such services, and devote his time and attention to such cases, to the exclusion of other business, without reward or compensation.

The consequence is, that the unfortunate insane are shut up in some out house or suffered to run at large for the remaindes of their wretched existence.

But even in cases where the circumstances and feelings of the friends and relatives of the patient are such as to afford every facility, every thing necessary, so far as such things can be furnished in a private family, still it must be admitted, and that too, without in the least detracting from the high and honorable character of the medical profession in the State, that physicians generally are not so well qualified to treat such cases, as they are the prevailing diseases of the country, or as those who have been accustomed to *treat cases of insanity exclusively*.

The science of medicine is one of almost infinite expansion, and comprehends the treatment of *all* the maladies to which mankind is subject, and has been classed or divided into a number of departments, or branches. A man may be well informed on one of those and quite ignorant of another. A physician may know how to treat a fever and be a very unskillful surgeon. He may be a very expert and successful operator, and not know how to treat a case of lunacy or insanity.

Experience in the treatment of all diseases, furnishes the greatest advantages, and notwithstanding all theoretical attainments, no man can be considered an able and good physician, who has not had a considerable share of practice, and who has not profited by observation and experience. In the common practice of the country, cases of lunacy are seldom met with, and the physician turning his attention to such cases as he is commonly called upon to cure or relieve, devotes himself almost entirely to the study of the prevailing diseases. If a case of mental derangement occur in the round of his practice, he treats it on general principles. It is a new case of novel character, which he has seldom met with, and instead of being guided by the light of *experience*, he is bound to depend on *theory alone*. Who would not prefer, if afflicted with any disease requiring medical aid, to call on a physician who, in addition to a sound mind, a kind heart, and a thorough knowledge of his profession, possessed also, the advantage of a *long experience* in the treatment of such cases?

The greatest advantage to those, then, who are afflicted with mental diseases, so far as physicians are concerned, is that they may be placed under the care of one who is *experienced* in the treatment of such cases, and where the advantage of that experience can be *constantly* directed to the restoration of reason.

In the treatment of mental diseases, much depends upon the persons who have charge of the insane, as well as upon the proper medical treatment. But very few persons are fitted by nature to take care of

an individual laboring under a fit of insanity, and even they may profit much by observation and experience, and by devoting themselves to the care of insane persons as a *business*.

From the foregoing observations, your committee have concluded that, as there is already within the State of Indiana a considerable number of individuals laboring under mental diseases, which number will be enlarged as the population of the State increases—as the condition of the insane is such as to excite the strongest sympathy of which we are susceptible—being not only deprived of *reason*, but every other comfort, and constantly tormented with legions of evil spirits—his own life and that of all others within his reach, being in danger during his fits of frantic rage—as, in most cases, suitable apartments cannot be furnished by the friends or relatives of the unfortunate and wretched sufferer—as the expense of procuring proper medical attention and careful nurses is so great, that few are *able*, and fewer *willing* to incur it, on account of the great duration of such diseases—and as the treatment, with the view of restoring reason to the raving maniac, is much more likely to be successful when entrusted to the skillful management of those who have devoted themselves exclusively to that class of diseases, it is a matter of serious inquiry whether the cause of humanity, the interest and happiness of many of the most miserable of our fellow beings, and the honor of the State, do not imperiously demand the establishment of a Lunatic Asylum.

Your committee, through the politeness of the Hon. E. A. Brown, have been favored with the perusal of the annual report of the Superintendent of the Ohio Lunatic Asylum. By that report, it appears that that institution has been in operation three years, during which time there have been admitted 343 individuals into the Asylum, and 201 have been discharged from it. Of the 201 discharged, 124 were recovered, and 11 others were improved, 30 were incurable and idiotic, and 36 died.

"	The	per	cent.	of	recoveries	on	all	discharged	is	-	61	69
"	"	"	"	"	on	all	the	old	cases	discharged,	33	33
"	"	"	"	"	on	all	the	recent	cases	dis'ged,	86	11"

Here is a most cheering result. Of 343 received into the institution, who in all probability must have dragged out a most miserable existence, had it not been for the humane and scientific efforts of the Superintendent and managers of the Asylum, 124 have been entirely cured and put in possession of their "*right mind*," restored to themselves, their families and friends, and returned to their country. To this may be added 11 others *improved*. Of the whole number, more than one-third have been actually cured. Until recently, Ohio, like Indiana, had no Asylum for the insane, (except the "Commercial Hospital" at Cincinnati, connected with the Ohio Medical College, where they can take charge of but few at most,) and of course many of those admitted into the Ohio Lunatic Asylum, were cases of long standing, in which the chances of cure are generally lessened in proportion to the length of the period of insanity. As those are disposed of, and cases of re-

cent origin are admitted, the result is still more cheering. By the above extract it is seen, that of the long standing cases, the per cent. of cures effected is but 33 33, while of recent cases it is 86 11—a far greater proportion of cures than the most ardent philanthropist could have expected. It is probable that, as those who have charge of the institution acquire experience from constant application and observation, and the portals of the Asylum are opened to the insane at an earlier period of their insanity, the proportion of cures to the number admitted, will be still greatly increased.

Of the States of the Union, twenty one of them have turned their attention to this subject, and have already in operation all the measures most approved for the comfort, safety and cure of this most pitiable class of our fellow beings, in their charitable and hospitable asylums. In fact several of them sustain more than one institution of the kind. The State of New York sustains 4 institutions in which the insane are taken care of; Massachusetts and Pennsylvania each sustain 3; Virginia and Ohio each sustain 2, while in the States of Indiana, Illinois, Missouri, Arkansas and Michigan and the Territories of Florida, Wisconsin and Iowa and the district of Columbia there is no institution of the kind. Within these States, Territories and the District of Columbia there are now 566 insane persons, as shown by the returns of the late census, for whom the hand of charity has made no suitable provision, and what is still more remarkable, and still more humiliating to the people of Indiana, is, that of the 566 insane persons within the States and Territories just mentioned—*two hundred and forty-one* belong to Indiana. There are then within this State already a greater number of persons of that description than can be accommodated in any Asylum within the United States.

Your Committee cannot refrain from expressing their deep and pungent regret, that, while almost every other charitable enterprize has been undertaken and pushed forward with a zeal, perseverance and energy truly commendable, this most charitable and benevolent of all the enterprizes which the spirit of Philanthropy or even Christianity has ever recommended should have been so long neglected and postponed by the good people of our beloved State. While we have been legislating for the "*relief*" of one class after another, we have been *deaf* to the shrill and piercing cries of the maniac. While we have been spending million upon million, upon a system of Internal Improvement, which has involved the State in interminable difficulties, not one cent has yet been appropriated towards the establishment of Asylums for the Deaf and Dumb, the Blind or the still more unfortunate class—who have been deprived of *reason*.

While Indiana has been thus shamefully squandering her resources on works which are likely to be viewed only as monuments of her *folly*, and neglecting to build up those institutions which the cause of humanity should have erected, as monuments of a far nobler character—our own suffering fellow citizens have been knocking for admission into the charitable institutions of our sister State—and knocking in vain.

From the report before alluded to we find that there have been applications made for the admission of 13 insane persons from this State into the Ohio Lunatic Asylum. These applications have been refused for want of room. What burning shame should crimson the cheek of every Indianian on being informed of the foregoing fact. In view of the foregoing facts and the great necessity of speedy action upon this important subject your committee have concluded to recommend the adoption of the following Preamble and Resolution.



REPORT

OF THE

SUPERINTENDENTS

OF THE

STATE PRISON OF INDIANA.

The following report relative to the condition and operations of the State Prison, is submitted in obedience to the 8th section of "an act to amend an act for the regulation of the State Prison," approved February 10th, 1841.

In conformity with their appointment and contract, they entered in discharge of their duties as Superintendents on the 14th day of June last.

The financial condition of the institution since that time, as made out by the clerk of the Prison, ending on the first day of November, a period of four and a half months, and reported to the Auditor of State, exhibits a balance of \$6,899 66 in its favor, and above its indebtedness: the tools in use in the various mechanical branches of the prison, articles of manufacture, and raw materials, being assessed as a part of its resources, and embraced in the above amount. At the time we took charge of the institution we had to provide it with every article necessary for the labor and safe keeping of the convicts, as we received nothing at the time but the naked prisoner and the walls, which has necessarily increased the expenses of the institution to a greater degree than will probably be found necessary at any subsequent period. The great prostration of trade, and depression in monetary affairs which is prevailing throughout this region of country, has greatly tended to the depreciation of all our articles of manufacture, which renders the institution less lucrative than would probably be expected under a different condition of affairs. The result, however, as shown by the clerk, exhibits a much more favorable condition than was at first anticipated.

The situation of the shops formerly erected within the walls of the Prison gave such easy facilities for escape, being attached to the outer walls, and for the want of a proper and necessary space for the erection of such buildings as was contemplated by the law of last session, it was found necessary.

to remove the old shops, which has been done, and we commenced about the 1st of September the erection of the buildings referred to, as required by law, and designed for all the purposes of the Prison, as its limited extent and space would admit, which is now in a rapid state of completion. This building which covers all such space within the walls as was deemed prudent for the better security of the convicts, and which was designed for the employment of all the convicts within its walls, is found altogether inadequate for the purpose. We have now in confinement 125 prisoners, out of which number there cannot be employed in any exigency more than two-thirds of that number within this building, to any advantage or profit to the institution, and by reference to the register of the convicts, kept at the prison, we find the increase of number in the last five years to be about twenty per cent., and of the last six months very near a hundred per cent. greater than at any former period. Taking the increase of the last five years as data, we will have in a very few years two or three hundred convicts within the walls of a prison that cannot find room for the employment of one-fourth the number. We make these statements for your information, that such steps may be taken in the accomplishment of the law as in your wisdom you may deem proper.

The health of the convicts during the past season has not been so good as we would desire to say. One in eleven of the whole number have died within a period of four months. The cause of this great mortality is attributable, in a great degree no doubt, to the want of a proper and healthful ventilation of the cells or dormitories; the more general causes, however, will, we presume, be given in the report of the physician to the Prison. The health at present, with some few exceptions, is pretty generally good.

The Hospital and Chapel which is designed by the law of last session to be erected near the Northern end of the prison enclosure, will be commenced as soon in the spring as will be found practicable.

We subjoin tables in reference to the convicts which may be deemed interesting.

Number of convicts in confinement June 14, 1841,	-	-	-	-	-	-	-	112
Received since,	-	-	-	-	-	-	-	42
								<hr/> 154

DISCHARGED.

By expiration of term of sentence,	-	-	-	-	-	-	-	12
Pardoned by the Governor,	-	-	-	-	-	-	-	5
Escaped,	-	-	-	-	-	-	-	2
Died,	-	-	-	-	-	-	-	10
								<hr/> 29

Leaving in confinement November 30th, 1841,	-	-	-	-	-	-	-	<hr/> 125
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CRIMES AND NUMBER.

Robbery,	-	-	-	-	-	-	-	44
Stealing,	-	-	-	-	-	-	-	24
Wholesale,	-	-	-	-	-	-	-	11
Counterfeit money,	-	-	-	-	-	-	-	9
Other,	-	-	-	-	-	-	-	7

Burglary,	-	-	-	-	-	-	-	7
Burglary and Larceny,	-	-	-	-	-	-	-	6
Intent to murder,	-	-	-	-	-	-	-	4
Murder,	-	-	-	-	-	-	-	3
Receiving stolen goods,	-	-	-	-	-	-	-	2
Retaining counterfeit apparatus,	-	-	-	-	-	-	-	2
Intent to rape,	-	-	-	-	-	-	-	1
Rape,	-	-	-	-	-	-	-	1
Robbery,	-	-	-	-	-	-	-	1
Robbing U. S. Mail,	-	-	-	-	-	-	-	1
Arson,	-	-	-	-	-	-	-	1
Perjury,	-	-	-	-	-	-	-	1

125

In relation to the specific crimes of the convicts, the above table is not satisfactory, as many of the Clerks of the Circuit Courts in making out the record of sentence, give the crime of larceny in its general term, and do not specify its nature.

TERMS OF SENTENCE AND NUMBER.

For one year,	-	-	-	-	-	-	-	5
For two years,	-	-	-	-	-	-	-	40
For two years and six months,	-	-	-	-	-	-	-	1
For three years,	-	-	-	-	-	-	-	20
For three years and six months,	-	-	-	-	-	-	-	3
For four years,	-	-	-	-	-	-	-	10
For four years and six months,	-	-	-	-	-	-	-	1
For five years,	-	-	-	-	-	-	-	19
For six years,	-	-	-	-	-	-	-	4
For six years and six months,	-	-	-	-	-	-	-	1
For seven years,	-	-	-	-	-	-	-	6
For eight years,	-	-	-	-	-	-	-	2
For nine years,	-	-	-	-	-	-	-	1
For ten years,	-	-	-	-	-	-	-	5
For twelve years,	-	-	-	-	-	-	-	1
For fourteen years,	-	-	-	-	-	-	-	1
For twenty-one years,	-	-	-	-	-	-	-	2
For life,	-	-	-	-	-	-	-	3

125

AGES.

From fifteen to twenty years,	-	-	-	-	-	-	-	14
From twenty to thirty years,	-	-	-	-	-	-	-	63
From thirty to forty years,	-	-	-	-	-	-	-	22
From forty to fifty years,	-	-	-	-	-	-	-	16
From fifty to sixty years,	-	-	-	-	-	-	-	8
From sixty to seventy years,	-	-	-	-	-	-	-	1
From seventy to eighty years,	-	-	-	-	-	-	-	1

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COUNTIES FROM WHERE SENT, AND NUMBER.

Adams,	-	-	-	1	Monroe,	-	-	-	2
Allen,	-	-	-	4	Morgan,	-	-	-	1
Bartholomew,	-	-	-	1	Orange,	-	-	-	1
Clark,	-	-	-	4	Perry,	-	-	-	3
Carroll,	-	-	-	2	Putnam,	-	-	-	1
Crawford,	-	-	-	3	Parke,	-	-	-	2
Dearborn,	-	-	-	1	Randolph,	-	-	-	6
Delaware,	-	-	-	3	Ripley	-	-	-	1
Floyd,	-	-	-	8	Rush,	-	-	-	1
Fayette,	-	-	-	1	St. Joseph,	-	-	-	2
Franklin,	-	-	-	1	Sullivan,	-	-	-	2
Gibson,	-	-	-	1	Scott,	-	-	-	3
Harrison,	-	-	-	3	Shelby,	-	-	-	2
Huntington,	-	-	-	2	Tippecanoe,	-	-	-	5
Hendricks,	-	-	-	1	Union,	-	-	-	1
Henry,	-	-	-	1	Vigo,	-	-	-	5
Jennings,	-	-	-	5	Vermillion,	-	-	-	1
Jackson,	-	-	-	1	Vanderburgh,	-	-	-	3
Jefferson,	-	-	-	5	Washington,	-	-	-	6
Knox,	-	-	-	5	Warren,	-	-	-	3
Laporte,	-	-	-	3	Wayne,	-	-	-	1
Marion,	-	-	-	5	Warrick,	-	-	-	1
Madison,	-	-	-	4	Wabash,	-	-	-	3
Marshall,	-	-	-	1	Whitley,	-	-	-	1
Martin,	-	-	-	1					
Miami,	-	-	-	1					
									<hr/> 125

NATIVITY AND NUMBER.

Kentucky,	.	.	.	20	Vermont,	.	.	.	1
New York,	.	.	.	15	Louisiana,	.	.	.	1
Pennsylvania	.	.	.	15	New Jersey,	.	.	.	1
Virginia,	.	.	.	14	Maine,	.	.	.	1
Ohio,	.	.	.	13	Maryland,	.	.	.	1
North Carolina,	.	.	.	8					
Indiana,	.	.	.	6	Natives of United States,				<hr/> 111
Tennessee.	.	.	.	3	do	England,	.	.	4
Massachusetts,	.	.	.	2	do	Ireland,	.	.	6
New Hampshire,	.	.	.	2	do	Germany,	.	.	2
Connecticut,	.	.	.	2	do	L. Canada,	.	.	1
South Carolina,	.	.	.	2	do	France,	.	.	1
District of Columbia,	.	.	.	2					
Illinois,	.	.	.	1					<hr/> 125
Missouri,	.	.	.	1					

TRADES AND PROFESSIONS.

Carpenters,	10	File cutters,	1
Coopers	9	Silk weaver,	1
Blacksmiths,	8	Tanners,	1
Brick makers,	8	Silversmiths,	1
Farmers,	6	Plasterers,	1
Brick masons,	5	Painters,	1
Tailors,	5	Tinners,	1
Engravers,	3	Chair makers,	1
Shoe makers,	3	School teachers,	2
Wagon makers,	3	Lawyers,	1
Cabinet makers,	2	Ministers of the Gospel,	2
Gunsmiths,	2	Common Laborers,	44
Bakers,	2		
Turners,	1		125
Potters,	1		

EDUCATION.

With but very few exceptions, the general education of the prisoners is very poor; a great many of them can neither read nor write.

Of the number in confinement ten are blacks, one Indian and one female.

JOS. R. PRATT,
JNO. McDOUGAL,
Superintendents.

Office of the State Prison of Indiana, }
Jeffersonville, Nov. 30th, 1841. }

REPORT

OF

NOAH NOBLE, ESQ.

HALL OF THE HOUSE OF REPRESENTATIVES, }
December 13th, 1841. }

HON. N. NOBLE,

Fund Commissioner,

SIR:—The House of Representatives have adopted the following resolution, to-wit:

Resolved, That Noah Noble, Esq., Fund Commissioner, be directed to inform this House in how many and what cases he has instituted suits, as said commissioner: at what places, for what sums, who are employed as Attorneys, at what fee in each particular case, whether fixed or contingent, and what is the whole amount stipulated to be paid in these cases?

Very respectfully, Your obedient servant,

JOSEPH F. BROWN,
Principal Clerk, House of Representatives.

HON. JOHN W. DAVIS,

Speaker of the House of Representatives:

The foregoing copy of a resolution of the House of Representatives, was furnished me by the Clerk on the day subsequent to its passage, when confined to my room, and unable to make a reply. Whilst I regret the delay unavoidable on my part, I take pleasure now, in communicating the information called for, as fully as is in my power.

The suits instituted are as follows:

In New Jersey:

No. 1. Stanhope iron company's bond—1st and 2d instalments,	\$66,666 66
No. 2. Canal boats on writ of replevin by agent—say	20,000 00
No. 3. Cross-bill, ordered to bill of foreclosure, on estate of Stanhope company.	
No. 4. Defence and answer to foreclosure of Van Nort's mortgage on lots in Jersey city,	13,000 00

In the city of New York, and (before the Chancellor:)

No. 5. Drew, Robinson & Co.,	\$600,000 00
6. Dwight Danforth,	45,000 00
7. M. B. Sherwood and 16 others, Dry Dock bank,	180,000 00
8. Belding and others, ordered to recover mortgage,	16,000 00
9. Injunction against Georgia Lumber company,	240,000 00
10. S. Draper, on bond,	25,000 00
11. R. D. Little, Staten Island bank, King's county,	10,061 00
12. " " " " " " " "	10,494 00
13. Staten Island whaling company's mortgage,	20,000 00

At Buffalo:

No. 14. On debt due from H. Roop,	\$40,000 00
15. Foreclosure of some six mortgages against Steel, Hairley and others,	
16. Foreclosure of mortgages in Georgia,	240,000 00
17. D. B. Holbrook. London,	87,000 00

From No. 1, to No. 4 inclusive, are suits in the courts of New Jersey, in the professional care of Gov. Williamson. His fees will be regulated by customary charges when his services terminate.

Those numbered from 5 to 15, are in charge of Attorneys in the city of New York, Messrs. Howe & Ruggles. In New York, the fees of Attorneys are fixed by law, as far as their compensation can be regulated; and in this country, bargains for services not known, as to time or labor, are made in advance. The costs and charges of suits as they progress, await the issue, but are generally paid as they accrue. In the cases of Drew, Robinson & Co., and the parties to the Dry Dock bank, counsel

\$400 were paid to George Wood, Esq., and to him was also paid \$100 for his advice and legal opinion upon the claim of \$175,000 on the North American Trust and Banking company.

The foreclosure of the mortgages in Georgia, (No. 16,) is in the hands of Messrs. Berrien & Law, the former of the United States Senate.

The bond of Mr. Holbrook was placed in the hands of Messrs. Murray, Reymer & Murray, with an offer of \$5000 if they would secure the money in *par* funds, the exchange or premium on which would more than pay the fee of \$5000.

At Buffalo, I employed Fillmore & Havens, and gave them a retaining fee of \$500 to look to our claims upon the four banks at that place. These banks had been closed by an order of the Chancellor, but for the want of an officer, called a Receiver, no legal proceedings could be instituted against them, nor could the debts due them be collected, a part of which were the 90,000 dollars in bonds, bills and acceptances, transferred by Merchant's Exchange bank, mentioned in the report of the fund commissioner. Upon an application to the proper officers, through the instrumentality of these gentlemen, a Receiver has been appointed, they procuring the security of 25,000 dollars, required at my request. The books, papers and assets of these banks were to undergo examination by the Attorneys, and if found necessary, bills of discovery will be filed against the officers and others, who may have used or wasted the assets. They will also proceed to collect the 90,000 dollars in claims as far as they are good, which, with the necessary proceedings for the sale of the banking house, will require other suits.

At Buffalo, the following claims in the hands of Ruggles & Howe, on the estate of H. Pratt, deceased, have awaited the elapse of time granted by law to the administrator, to-wit:

7 Obligations on H. Pratt, 5,000 dollars each, due monthly from		
1st March to September, 1840,	- - -	\$35,000 00
1 obligation executed by his Attorney, O. Allen,	- - -	600 00
6 bonds of bank of Commerce, endorsed by Pratt,	- - -	48,625 00
At Detroit, the debt of Pontiac railroad,	- - -	90,000 00

Two claims on Pontiac bank for about 35,000 dollars, with obligations on Stevens and Williams, were placed in the hands of Messrs. Frazier & Talbott, who have instituted, or will institute such suits as the prospect for recovery will warrant for the collection of the debts from the railroad, the bank, or from individual liabilities. No specific fee was, or could be agreed upon.

Before my appointment, the following suits in which the State of Indiana is a party, were pending:

4 obligations on Staten Island company in the court of King's county,	\$60,000 00
Foreclosure of mortgage of 256 lots in New York by U. S. bank of Pennsylvania,	35,000 00
Selden & Richards' bill in chancery to make liable the land stock in Florida,	70,000 00

Respectfully,

N. NOBLE.



NOT TO BE CIRCULATED

NATIONAL
LIBRARY BINDERY
CO.
WEST SPRINGFIELD
EAST CLEVELAND
INDIANAPOLIS
ATLANTA

